

# CASIO®



## Annual Report 2003

For the year ended March 31, 2003

## ***Profile***

Since its establishment in 1957, Casio Computer Co., Ltd., made its mission to pursue "Creativity and Contribution." Casio aims to spur corporate growth, increase corporate value, and continue to be a highly visible and attractive company to shareholders and customers by using ingenious concepts and state-of-the-art technologies to create products and services that will make the lives of people throughout the world more enjoyable and comfortable.

In fiscal 2003, ended March 31, 2003, Casio introduced radical measures to strengthen its corporate structure, which helped to reverse losses from the previous term. With bold determination to achieving our management goals, we made a full return to profitability through our single-minded promotion and development of our three strategic businesses: timepieces, digital cameras, and Mobile Network Solutions (MNS). The Company also redoubled efforts to bolster management efficiency through the rationalization of capital and substantial cuts to expenses related to fixed assets and other measures.

We will make maximum use of our expertise in core areas and have designated timepieces, digital cameras, electronic dictionaries, and TFT LCDs as our strategic businesses. Casio will continue to implement measures to strengthen its management structure and to expand business through the development of inventive products and the promotion of stable long-term profitability.

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## *Message from the President*



*Kazuo Kashio,  
President and CEO*

### **Income Rebounds**

In fiscal 2003, ended March 31, 2003, private capital spending was on a down-trend, stock prices flagged, and few signs of a pickup in economic activity emerged in Japan. The economies of other industrialized nations were also generally stagnant. Consumer spending in the United States, for example, deteriorated in fiscal 2003, undermining the strength of the economy. In Europe, the economies of Germany, France, and other nations were sluggish. Overall, the global economic environment remained challenging.

To steer through the current business environment, the Casio Group boosted revenues and increased profitability through activities focused on three strategic businesses: timepieces, digital cameras, and Mobile Network Solutions (MNS). By focusing on these three key target markets, we enhanced product appeal and significantly upgraded value added in a variety of ways. As a result, net sales for fiscal 2003 climbed 15.3% year on year, to ¥440,567 million.

To ensure sales translated into healthy profit performance, Casio reorganized its business structure to boost management efficiency overall, improve capital efficiency, and extensively cut fixed costs. Operating income rose to ¥17,914 million in fiscal 2003, up ¥28,332 million compared with the previous fiscal year. Net income for fiscal 2003 jumped to ¥5,647 million, up ¥30,575 million over the loss in fiscal 2002.

## Management Strategy and Issues to Be Tackled

For a global corporation to outpace the competition, waste-free production, cutting-edge technologies, and the careful distribution of management resources are critical. Casio's ongoing structural reforms and measures will strengthen the management system, expand business, and create new value to meet the demands of the global age as well as improve the way people live.

### 1. Measures to Expand Business

- Achieving Full Potential in the Electronics Business

Casio is taking full advantage of its expertise in its core areas to proactively develop unique products with a strategic focus in key areas to drive up long-term profitability.

Solar-Powered, Radio-Controlled Wristwatches: Casio expanded its product lineup of radio-controlled wristwatches through investments in solar wristwatches for women and its cutting-edge series The G, which adds solar-powered and radio-controlled functions to our smash hit G-SHOCK wristwatch. Constant adjustment to standard time by cesium atomic clocks makes Casio's wristwatches "On Time All the Time" and the ultimate in timepiece technology. Casio has used its long experience in energy-saving and high precision mounting technology to redefine the conventional timepiece market and increase market share.

## Consolidated Financial Highlights

Years ended March 31, 2003 and 2002  
Casio Computer Co., Ltd. and Subsidiaries

	Millions of yen		Thousands of U.S. dollars*
	2003	2002	2003
<b>For the year:</b>			
Net sales.....	<b>¥440,567</b>	¥382,154	<b>\$3,671,392</b>
Operating income (loss).....	<b>17,914</b>	(10,418)	<b>149,283</b>
Net income (loss).....	<b>5,647</b>	(24,928)	<b>47,058</b>
Capital investment.....	<b>11,168</b>	15,737	<b>93,067</b>
Depreciation.....	<b>14,621</b>	14,465	<b>121,842</b>
Research and development expenses .....	<b>14,114</b>	14,085	<b>117,617</b>
<b>At year-end:</b>			
Shareholders' equity .....	<b>131,957</b>	134,317	<b>1,099,642</b>
Total assets.....	<b>459,113</b>	449,224	<b>3,825,942</b>
<b>Amounts per share of common stock</b> (in yen and U.S. dollars):			
Net income (loss) .....	<b>¥20.27</b>	¥(91.82)	<b>\$0.17</b>
Diluted net income .....	<b>20.10</b>	—	<b>0.17</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 ¥120 to U.S.\$1, the approximate exchange rate prevailing on March 31, 2003.

"Wearable Card Cameras": Casio's quick-response, high-resolution, full-function digital camera EXILIM is roughly the same size as a credit card. This revolutionary camera is unprecedented in being both high performance and highly portable. The EXILIM incorporates the strengths of the top selling EX-Z3 to bolster our product lineup and expand our market share. Casio also cut the cost per unit by moving production overseas and standardizing software and hardware used in the EXILIM to simplify product development.

Electronic Dictionaries: Casio commands over half of the domestic market for electronic dictionaries and boasts the largest line of electronic dictionaries of any company in Japan, thanks to its ability to incorporate a large number of reference volumes in an extremely compact unit. Casio is pursuing a strategy to offer a range of products to suit the diverse needs of a society that constantly desires to learn new languages. We are also making full use of our experience and knowledge in the Japanese market to expand overseas.

#### •Strengthening the Electronic Components Businesses

Thin-Film Transistor (TFT) LCDs: The digital interface TFT LCD offers a more brilliant screen image than is possible with conventional TFT LCDs. The EXILIM was the first digital camera in the world to use this technology, and Casio supplies a large number of digital camera manufacturers with this new TFT LCD and earned high praise. Casio anticipates increased demand for the TFT LCD from overseas customers for cellular phone production. In addition to boosting market share, Casio is raising the value added of its products through providing such high-end products as TFT LCD panels for Airbus S.A.S., a European consortium.

## 2. Structural Reforms and Measures

Casio embarked on a program for structural reform in fiscal 2002 to make Group management more efficient, and ¥15 billion in fixed costs was trimmed from the previous fiscal year. Casio will continue these efforts and reduce working capital levels via accelerating the collection of accounts receivable and shortening the inventories turnover ratio. These steps will lead to improved cash flow and reinforce our financial base.

## Corporate Governance

Effective corporate governance has improved management transparency and made companies more international amid the trends of globalization and business diversification. Believing that good corporate governance is crucial to

sound management, we have taken steps to further improve our good relations with shareholders and other stakeholders, enhance the system for management supervision, and accelerate decision making. These measures have produced many improvements throughout the Company, including the introduction of a corporate officer system comparable to the best standards of corporate governance at other global corporations. Turning to improvements in compliance to laws and regulations, Casio created its Rules for Ethical Behavior in October 1998 and has encouraged employees Companywide to make the fullest efforts to observe ethical standards and legal regulations as a daily part of their jobs. Casio renewed its commitment to the highest standards of compliance in June 2003 with the compilation of The Charter of Creativity for Casio as a guideline for incorporating compliance into the daily activities of all employees and tying this to the goal of improving creativity among all our employees. In fiscal 2002, Casio adopted a performance-based reward system, and, as a part of that, our shareholders voted to introduce a stock option system in June 2002. Casio is confident this system will enhance employees' sense of personal responsibility and increase the value of the Company.

Casio will continue to respond rapidly and appropriately to emerging changes in the business environment and is determined to offer consumers products, services, and solutions incorporating the highest levels of value added and quality possible. At the same time, Casio will work to be a company worthy of the admiration of its shareholders and the public through contributing to digitally linking the entire world.

July 2003



Kazuo Kashio  
President and CEO

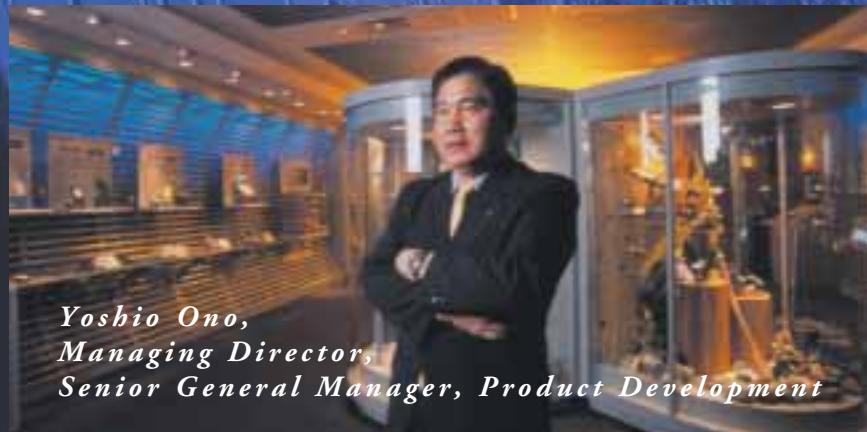
# **Leaner, Faster, Stronger**

**Rising to the Challenge**

## **Going Beyond the Conventional**

As the manufacturer of the enormously popular G-Shock line of wristwatches and the first company to market digital cameras commercially, Casio has long maintained a reputation as a revolutionary electronics manufacturer. Casio owes this distinction to its resolute dedication to the development of products to astonish consumers around the world with a glimpse of the future.

At Casio, the creation of innovative products starts with an examination of consumer needs and is followed by the development of new products to satisfy those needs. Not content to simply incorporate new technologies into yesterday's products, Casio's intensive approach to meeting consumer needs is the key



***Yoshio Ono,  
Managing Director,  
Senior General Manager, Product Development***

to its ability to consistently lead the consumer electronics market.

Now, Casio is moving to the next phase of its evolution to fulfill the management creed to create products and services that will delight people throughout the world. Rather than merely responding to the calls from consumers for specific innovations, Casio is shifting the focus of its product development to surpassing consumers' highest expectations and even going beyond what consumers can imagine. This proactive strategy will ensure Casio continues to

produce attention-grabbing products to improve the way people live.

"We look at creating value. Even if a new product incorporates some type of astounding technology, if it is of no use to consumers, then there is no point in producing it," said Yoshio Ono, Casio's managing director of product development.

We at Casio are intent on creating value. Consumers will flock only to those products that provide value in their ability to make life easier, better, and more enjoyable.

As a result of Casio's new product development philosophy, the Company has been able to create a wide variety of original products that have caught the attention of consumers worldwide, including the EXILIM digital "wearable card camera," WAVE CEPTOR radio-controlled wristwatches, and a multivolume electronic dictionary.

#### **Advancing the State of the Art in Digital Cameras**

Casio's introduction of the world's first commercial digital camera (QV-10) in 1995 changed the way people take photographs, and these digital cameras are quickly replacing conventional silver halide cameras as the standard.

**Launched in March 2003, the EX-Z3 model is the first 3.2 megapixel camera in the EXILIM series equipped with a 3x optical zoom.**

Designed to further revolutionize the way people use cameras, in June 2002, we introduced the EXILIM (EX-S1), a digital camera roughly the size of a credit card, making it easy to carry in a pocket or handbag.

Until recently, cameras were heavy and bulky, and people only carried them in anticipation of such worthy events as vacations or parties. However, the EXILIM will expand the role cameras play in people's lives. The EXILIM will pave the way for transforming a camera into an accessory, much like keys and a billfold that are carried at all times and are ready to be used whenever a special occasion arises.

"This is based on our concept of the camera you can take anywhere.

Ordinarily, an entire household shares a single camera, but, with the EXILIM, the importance of cameras will be elevated to the point that people will want to have their own individual camera," Ono said.

The diminutive size of the EX-S1 was by no means achieved by compromising on function. On the contrary, at 11.3mm thin, it is





**The G, the top of the line of our popular G-Shock series, is in a class by itself with high shock resistance and is solar powered with tough solar technology to supply power for the wave function.**

CEPTOR constantly adjusts its time in line with even distant cesium atomic clocks, making it the ultimate standard for accuracy.

The infrastructure necessary for this technology to be used in Japan was only just made available nationwide in 2001. Radio waves from Japan's atomic clock can be picked up in South Korea, and Casio is marketing the WAVE CEPTOR there as well. Essential infrastructure is now in Germany and the United States, and the WAVE CEPTOR is being sold in those two markets as well.

Select WAVE CEPTOR models are also solar powered. Casio eliminated not only the need to adjust the time but also the need to change batteries to offer the public a wristwatch that requires virtually no maintenance.

"The difficult thing about the WAVE CEPTOR was designing a reliable antenna to receive transmissions from atomic clocks and fit it in a wristwatch. However, now Casio is able to offer consumers a wristwatch that never shows the wrong time and never stops," Ono said.

As the world's top wristwatch maker, Casio is again shaking up the market with superior innovations. The WAVE CEPTOR is the product of Casio's goal to create a wristwatch of the highest value at a price people can afford.

"President Kashio has said that he expects around 80% of radio-controlled wristwatches sold will eventually be regulated by atomic clocks," Ono said.

the world's thinnest digital camera with an LCD viewscreen<sup>1</sup>.

We also reduced warm-up time to roughly one second and the shooting interval to 0.6 second to ensure that the perfect shot is never missed. The EX-S1 is a 1.3 megapixel camera, but we achieved even higher definition by increasing the size of the CCD cell to 1.4 times that of previous models.

Casio developed the EXILIM as a concept-inspired product to broaden the digital camera market by making cameras an integral part of peoples' daily lives.

<sup>1</sup> As of July 2003

#### Raising the Bar for the World's Most Accurate Wristwatch

The universal desire for measuring time gave rise to an enduring

history of timepiece technology from sundials to mechanical to quartz and finally then to digital watches. Despite spectacular advances, even in the digital age, it is said a person with two watches never knows exactly what time it is. However, now there is Casio's WAVE CEPTOR, a radio-controlled wristwatch that reads exactly the correct time, all the time, to the greatest limits of precision of which humankind is currently capable.

The WAVE CEPTOR implements a groundbreaking innovation in wristwatch technology that allows it to catch radio waves from a transmitting station that relays the standard time generated from cesium atomic clocks, which are the most accurate clocks in the world. The WAVE



*“It is only when consumers recognize that technology has real value that a hit product can be created. Consumer needs, marketing, development, engineers, and sales—all of these elements must be tied together.”*

#### **Greeting the Global Age with an Electronic Dictionary**

In the 21st century, the need for international communication is already making English the lingua franca for businesspeople, tourists, and students. Portable bilingual electronic dictionaries have long catered to this need, providing the meanings for English words in Japanese and vice versa to meet the needs of the monolingual Japanese society.

Based on Casio's extensive on-site research into the student market to clearly determine and better satisfy their educational needs, Casio has developed a 23-volume dictionary. This consumer-oriented product includes a comprehensive language reference set to translate English and Japanese vocabulary, and also incorporates a full desk reference set and provides language assistance in other languages as well.

In addition to having a Japanese-English and English-Japanese dictionary,

this model incorporates a single-volume encyclopedia; the *Kojien* standard Japanese dictionary; a loan-word dictionary; a dictionary of international cuisine words and terms; a dictionary of English letter writing; phrasebooks for German, French, Italian, and Spanish; and many other reference books.

At less than 1cm thin, it is also the thinnest electronic dictionary on the market. In space-conscious Japan, this reference unit is so handy that people will want to use it even when they are at home because it is user-friendly and renders so many other chunky reference books obsolete.

“Creating the technology to compress such a huge quantity of information into such a small device and making it simple to use was the real challenge,” Ono said.

Casio also markets a model that offers bilingual Chinese-Japanese dictionaries, another that offers bilingual French-Japanese dictionaries, and a third that offers German-Japanese dictionaries.

Catering to overseas markets, we have also moved into South Korea with a local model that incorporates Korean-English dictionaries and in Germany a model that includes German-English dictionaries.

Through these efforts, Casio is going full throttle to create consumer value by catering to individual language needs and, in turn, contribute to the development of a truly global society.

### **Delivering Consumer Value**

Machines are only useful to the extent that they save time, save energy, or improve the quality of life. At Casio, we strive to do all three, and do it in such a way that consumers are surprised by our ingenuity.

The go-anywhere digital camera the size of a credit card to ensure that every special moment can be captured, the ultimate wristwatch

with perfect precision that never needs to be wound or have its batteries replaced, and the compact multi-volume electronic dictionary are all outgrowths of the formidable goals we have set for ourselves at Casio to offer clear value to consumers.

Casio has given the world many products over the years—including calculators, digital watches, and digital cameras—in its tireless pursuit of satisfying consumer needs that now

play such an integral part of people's lives as to be taken for granted.

"It is only when consumers recognize that technology has real value that a hit product can be created. Consumer needs, marketing, development, engineering, and sales—all of these elements must be tied together," Ono said.

Casio will continue to astonish consumers through developing innovative technologies to discover those products consumers really want, even before they themselves might be aware of it, to offer the world true value.

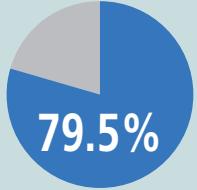
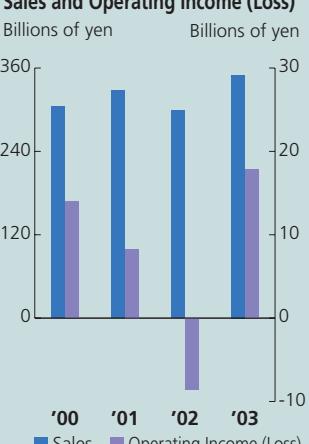
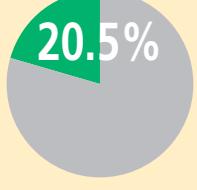
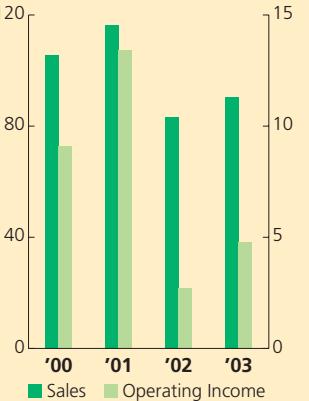


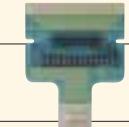
*As a result of the Company's pursuit of adding portability to study references, Casio has developed an electronic dictionary that, at 9.8mm, is the thinnest in the industry.*

## Casio at a Glance

Casio markets a wide range of products, from consumer electronics to corporate system equipment, as well as electronic components. We are currently focusing efforts

on advancing the technologies and functions of our time-pieces, digital cameras, electronic dictionaries, as well as TFT LCDs to drive future growth.

Business Segment	Business Category																			
<b>ELECTRONICS</b> <p><b>Sales</b></p>  <table border="1"> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>79.5%</td> </tr> </tbody> </table> <p><b>Sales and Operating Income (Loss)</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Sales (Billions of yen)</th> <th>Operating Income (Loss) (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>'00</td> <td>~260</td> <td>~14</td> </tr> <tr> <td>'01</td> <td>~280</td> <td>~11</td> </tr> <tr> <td>'02</td> <td>~250</td> <td>~-2</td> </tr> <tr> <td>'03</td> <td>~300</td> <td>~18</td> </tr> </tbody> </table>	Category	Value	Sales	79.5%	Year	Sales (Billions of yen)	Operating Income (Loss) (Billions of yen)	'00	~260	~14	'01	~280	~11	'02	~250	~-2	'03	~300	~18	<p><b>Consumer</b></p> <p>With electronic dictionaries, label printers, and an extensive line of calculators for educational, administrative, and scientific uses, Casio is dedicated to providing an ever-widening array of products to make people's lives happier and more convenient. We also offer ways to bring the joy of music and video into people's lives, including portable LCD TVs, digital cameras, and electronic musical instruments, such as electronic keyboards featuring keys that light up to indicate what keys to play.</p>
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'00	~260	~14																		
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	<p><b>Timepieces</b></p> <p>The G-Shock, Baby-G, and our other high-performance wristwatches complete with sensor and memory functions were developed as a part of our unique concept of creating an advanced digital device that people can literally wear on their arms. Recent efforts have focused on incorporating cutting-edge technologies into our radio-controlled watches, and we will continue with our constant mission to produce timepieces to better serve customer needs.</p>																			
	<p><b>Mobile Network Solutions (MNS)</b></p> <p>Casio's MNS link hardware, software, and content to offer services that are available anytime, any place, and for both business and leisure. Customers are able to exchange multimedia content through networks and collaborate on secure databases by using cellular phones, PDAs, and handy terminals incorporating advanced technologies.</p>																			
	<p><b>System Equipment</b></p> <p>For business customers, Casio produces such professional-use equipment and systems as cash registers, point-of-sale (POS) system products, computer systems for human resources and accounting applications, and page printers. Our broad line of innovative solutions serves both to improve energy conservation in the office via high-performance, easy-to-use devices and to facilitate creativity in business as well.</p>																			
<b>ELECTRONIC COMPONENTS AND OTHERS</b> <p><b>Sales</b></p>  <table border="1"> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>20.5%</td> </tr> </tbody> </table> <p><b>Sales and Operating Income</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Sales (Billions of yen)</th> <th>Operating Income (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>'00</td> <td>~110</td> <td>~7.5</td> </tr> <tr> <td>'01</td> <td>~130</td> <td>~11.5</td> </tr> <tr> <td>'02</td> <td>~85</td> <td>~3</td> </tr> <tr> <td>'03</td> <td>~90</td> <td>~5</td> </tr> </tbody> </table>	Category	Value	Sales	20.5%	Year	Sales (Billions of yen)	Operating Income (Billions of yen)	'00	~110	~7.5	'01	~130	~11.5	'02	~85	~3	'03	~90	~5	<p><b>Electronic Components</b></p> <p>Highly sophisticated IT equipment is possible thanks in part to advances in electronic components. In developing electronic components, LCDs present unique design challenges because they represent the point of interface between people and hardware. Casio provides customers with superior solutions to specific challenges through developing operations to specialize in small LCD panels for portable devices. We also offer a full line of LCDs ranging from STN to high-resolution TFTs. Bump processing to make microelectrodes that can bond LSIs to boards, TCP assembly, and other mounting operations carried out at our subsidiary Casio Micronics Co., Ltd., have also met with spectacular success with our customers.</p>
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'00	~110	~7.5																		
'01	~130	~11.5																		
'02	~85	~3																		
'03	~90	~5																		
	<p><b>Others</b></p> <p>This business category is composed primarily of the independent businesses of subsidiaries.</p>																			

Sales	Principal Products
	Electronic Calculators 
	Electronic Dictionaries 
	Label Printers 
	Visual-Related Products 
	Digital Cameras 
	Electronic Musical Instruments 
	Digital Watches 
	Analog Watches 
	Clocks 
	PDAs 
	Cellular Phones 
	Pocket Computers 
	Handy Terminals 
	Electronic Cash Registers (including POS) 
	Office Computers 
	Page Printers 
	LCDs 
	Bump Processing Consignments 
	TCP Assembly and Processing Consignments 
	Carrier Tape
	Molds
	Toys
	Factory Automation

## *Environmental Conservation Activities*

In August 1991, the Casio Group established the Casio Conservation Committee and kicked off its environmental conservation program.

Casio considers environmental conservation activities to be vital to successful business management, and, therefore, to better serve the global community, we ensure the environmental friendliness of Casio products through our Casio Green Products 30 activities and by meeting standards set by Eco Mark (Japan), the Energy Star program (United States), and other third-party environmental labeling organizations. We have also stepped up efforts toward the recovery and recycling of toner and drum sets for page printers, personal computers and other administrative communications equipment, rechargeable batteries, and tape cartridges used in label printers. In October 2003, Casio plans to start recycling household

personal computers through the collection system set up by the Japan Electronics and Information Technology Industries Association (JEITA) and Japan Post.

The Casio Group reduced landfill waste by 45% through recycling from fiscal 2001, and the Yamanashi Factory of Casio Micronics, Casio Electronic Manufacturing Co., Ltd., and Kofu Casio Co., Ltd., have achieved targets to completely eliminate solid and liquid waste in production.

In November 2000, we established a manual of standards for only procuring materials produced in compliance with strict rules for environmental conservation and gained the cooperation of our business partners on our new stance. Casio has started to implement this policy, and, in fiscal 2002, 80% of procured materials met those standards.

Casio has also obtained ISO 14001 certification for four administrative offices, five domestic manufacturing facilities, and nine overseas manufacturing facilities. Our concerted efforts toward environmental friendliness placed us 19th out of 2,047 manufacturers on the *Nikkei Environmental Management Survey* in fiscal 2002.

Casio started issuing environmental reports in December 1999 to increase the transparency of its activities by providing the public with comprehensive information regarding its current environmental conservation activities and to raise employee awareness regarding environmental stewardship.

*Casio's Environmental Report 2003* will be available on our Internet web page from September 2003. Please click the following link to access this page.  
(<http://world.casio.com/env/>)

**This first-ever EXILIM model creates harmony between ecology and technology by reducing energy consumption to one-third of Casio's conventional models while reducing noise. The case is made from easy-to-recycle stainless steel.**



**This model is solar powered; the case is 100% recyclable and contains no materials harmful to the environment. We are moving quickly to start using lead-free solder to make more environmentally friendly calculators.**

## **Consolidated Six-Year Summary**

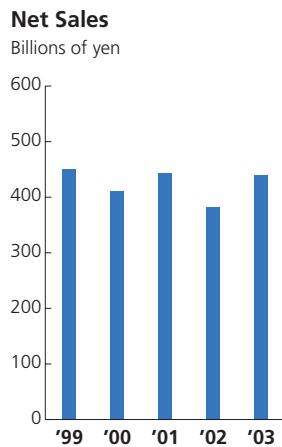
Years ended March 31  
Casio Computer Co., Ltd. and Subsidiaries

	Millions of yen					
	2003	2002	2001	2000	1999	1998
<b>For the year:</b>						
Net sales .....	<b>¥440,567</b>	¥382,154	¥443,930	¥410,338	¥451,141	¥502,012
Cost of sales .....	<b>315,530</b>	284,093	315,207	281,772	306,281	329,323
Selling, general and administrative expenses .....	<b>93,009</b>	94,394	98,850	96,751	111,757	107,488
Research and development expenses.....	<b>14,114</b>	14,085	11,968	12,338	20,552	22,973
Operating income (loss).....	<b>17,914</b>	(10,418)	17,905	19,477	12,551	42,228
Net income (loss).....	<b>5,647</b>	(24,928)	6,547	6,173	(8,534)	11,738
Capital investment .....	<b>11,168</b>	15,737	30,278	35,546	31,212	53,824
Depreciation .....	<b>14,621</b>	14,465	22,065	30,220	31,001	30,442
<b>At year-end:</b>						
Current assets .....	<b>300,212</b>	281,985	288,304	312,315	322,488	357,682
Current liabilities .....	<b>161,568</b>	166,026	144,272	182,562	190,666	232,515
Working capital.....	<b>138,644</b>	115,959	144,032	129,753	131,822	125,167
Shareholders' equity.....	<b>131,957</b>	134,317	162,375	169,634	170,721	182,657
Total assets .....	<b>459,113</b>	449,224	445,883	507,105	506,566	537,013
<b>Amounts per share of common stock (in yen):</b>						
Net income (loss).....	<b>¥20.27</b>	¥(91.82)	¥24.11	¥22.73	¥(30.90)	¥42.13
Diluted net income.....	<b>20.10</b>	—	23.72	22.41	—	39.84
Cash dividends applicable to the year .....	<b>12.50</b>	12.50	12.50	12.50	12.50	12.50
<b>Performance indicators:</b>						
Return on equity (%).....	<b>4.2</b>	(16.8)	3.9	3.6	(4.8)	6.6
Return on assets (%).....	<b>1.2</b>	(5.6)	1.4	1.2	(1.6)	2.3
Shareholders' equity ratio (%) .....	<b>28.7</b>	29.9	36.4	33.5	33.7	34.0
Interest coverage (times) .....	<b>6.2</b>	(2.9)	5.6	5.3	2.9	9.3
Assets turnover (times) .....	<b>1.0</b>	0.9	0.9	0.8	0.9	1.0
Inventories turnover (months).....	<b>2.7</b>	3.2	3.4	3.4	3.0	3.6
<b>Other:</b>						
Number of employees .....	<b>11,481</b>	14,670	18,119	19,325	17,783	18,668

## **Management's Discussion and Analysis**

### **NET SALES**

Consolidated net sales climbed 15.3% year on year in fiscal 2003, to ¥440,567 million, thanks to measures to achieve Group management targets, including the strategic promotion and development of our timepiece, digital camera, and Mobile Network Solutions (MNS) businesses as well as management rationalization through improvements in capital efficiency and deep cuts to fixed costs.



	Millions of yen	2003	2002
<b>Electronics:</b>			
Consumer .....	¥142,486	¥126,049	
Timepieces .....	68,500	62,536	
Mobile Network Solutions (MNS).....	87,819	52,216	
System Equipment.....	51,340	58,202	
Subtotal .....	350,145	299,003	
<b>Electronic Components and Others:</b>			
Electronic Components .....	60,566	50,946	
Others.....	29,856	32,205	
Subtotal .....	90,422	83,151	
<b>Total</b> .....	<b>¥440,567</b>	¥382,154	

**Results by Segment** Sales in the Electronics segment increased 17.1%, to ¥350,145 million, and accounted for 79.5% of net sales.

In the Consumer category of Electronics, sales advanced 13.0%, to ¥142,486 million, due in large part to the enormously successful and widely praised EXILIM, the world's thinnest, high-resolution, credit card sized digital camera, which has won award after award since its June 2002 launch.

To create new demand in the Timepieces category, Casio introduced developments designed to take full advantage of its advanced technologies, including plans to upgrade its entire line of wristwatches with a radio-controlled function for perfect accuracy and solar-powered functions to make changing batteries a thing of the past. In November 2002, Casio boosted sales with the launch of The G, the new pinnacle product of the flagship G-SHOCK series, which adds radio-controlled and solar-powered functions to the exceptional shock resistance and unmistakable durability that are hallmarks of the G-SHOCK line. Thanks in part to the acclaim earned by this hit product, sales of timepieces rose 9.5%, to ¥68,500 million.

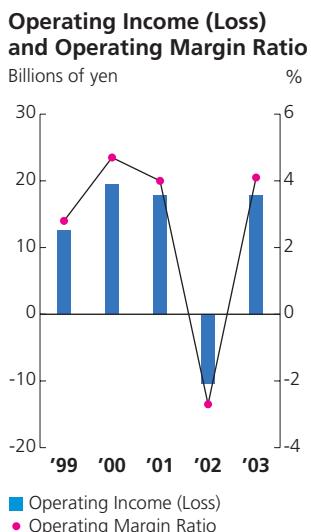
In the MNS category, we followed our success in helping KDDI Corp. launch the first camera-equipped, third-generation cellular phone in April 2002 by updating our technology to adapt to such new services as movie mail in successor models to enhance the pleasure of visual communication. Fiscal 2003 sales for MNS products leaped 68.2%, to ¥87,819 million.

In the System Equipment category, despite our best efforts to offset the global drop in demand for IT products by developing solutions that perfectly joined hardware and applications, sales in this category receded 11.8% from fiscal 2002, to ¥51,340 million.

Sales in the Electronic Components and Others segment increased 8.7%, to ¥90,422 million, in fiscal 2003 and accounted for 20.5% of net sales.

In the Electronic Components and Others segment by business category, sales in the Electronic Components category rose 18.9%, to ¥60,566 million, in fiscal 2003. The increase was triggered by active demand for digital cameras that spurred sales of TFT LCDs. Revenues from bump processing also benefited from the increased popularity of color LCD screens for cellular phone monitors overseas.

In the Others category, our business alliance with Flextronics to consign certain manufacturing operations resulted in the consolidation of independent business at Aichi Casio Co., Ltd., and sales dropped 7.3%, to ¥29,856 million.



**Results by Region** Sales in Japan advanced 20.6%, to ¥268,601 million, and composed 61.0% of net sales. Sales in North America took a hit from deteriorating consumer sentiment in the United States, resulting in an 11.6% fall, to ¥49,423 million, which accounted for 11.2% of net sales. Markets in Europe remained firm, and sales rose 5.2%, to ¥56,180 million, which accounted for 12.7% of net sales. Sales in Asia and other regions, excluding Japan, climbed 32.3%, to ¥66,363 million, on the back of strong electronic components sales, and composed 15.1% of net sales.

## RESULTS OF OPERATIONS

Fiscal 2003 operating income was ¥17,811 million for the Electronics segment and ¥4,813 million in the Electronic Components and Others segment. Consolidated Group operating income was ¥17,914 million, thanks to Casio's strategy to enhance value added by strengthening product appeal and Companywide efforts to improve management efficiency through business reform.

Net financial expenses increased slightly from ¥2,060 million to ¥2,211 million. Other expenses dropped from ¥22,346 million in fiscal 2002 to ¥6,089 million in fiscal 2003. Chief factors for other expenses were the elimination of ¥8,486 million in restructuring charges and the broad reduction in disposal and devaluation of inventories from the previous fiscal year.

Income before income taxes and minority interests went from a loss of ¥34,824 million in fiscal 2002 to income of ¥9,614 million in fiscal 2003. Net income for the period was ¥5,647 million, up from a loss of ¥24,928 million in fiscal 2002.

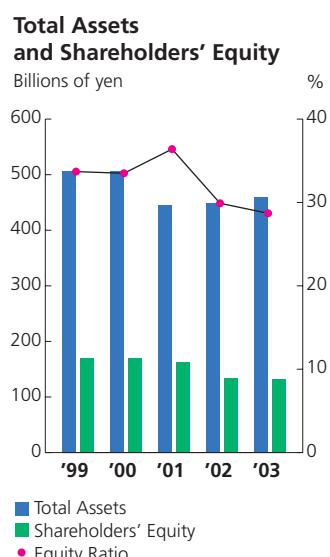
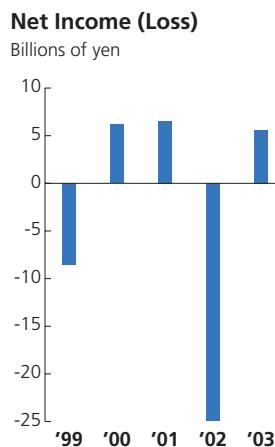
Net income per share was ¥20.27.

## FINANCIAL CONDITION

Total assets increased 2.2%, to ¥459,113 million.

Efforts to rationalize inventories permitted a ¥4,018 million reduction in inventories and decreased inventories turnover by 0.5 month, to 2.7 months. However, healthy sales led to an increase of ¥8,779 million in notes and accounts receivable. The increase in other receivables related to materials supplied that resulted from the corporate alliance with Flextronics led other current assets to increase ¥13,957 million.

Liabilities rose on the ¥36,811 million increase in notes and accounts payable resulting from increased materials procurement necessitated by production growth and the business agreement with Flextronics. Casio decreased interest-bearing debt, which cut the ratio of interest-bearing debt to total assets 8.8 percentage points, to 38.7%. However, overall, liabilities increased 4.0% in fiscal 2003, to ¥324,575 million at year-end. Shareholders' equity dropped 1.8%, to ¥131,957 million. The equity ratio declined 1.2 percentage points, to 28.7%.



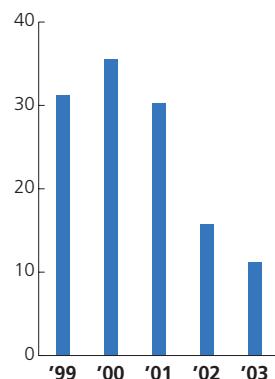
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## CASH FLOW ANALYSIS

Net cash provided by operating activities increased ¥56,362 million, to ¥55,131 million, on efforts to limit the increase in working capital that accompanied the improvement in net income and net sales. Net cash used in investing activities decreased ¥11,048 million, to ¥21,311 million, as investments were strategically channeled to capital to promote cost-effectiveness. The redemption of straight corporate bonds and the repayment of short-term debt triggered a ¥90,878 million drop in net cash flows from financing activities, to ¥38,889 million used in expenditures. Cash and cash equivalents as of March 31, 2003, were down ¥5,246 million, at ¥96,436 million.

### Capital Investment

Billions of yen



## CAPITAL INVESTMENT

Capital investment amounted to ¥11,168 million in fiscal 2003. Capital spending was reduced 29.0% as Casio strategically ratcheted down investments in the Electronic Components category and made other spending revisions as a part of the drive to reinforce corporate stability. Broken down by segment, Casio invested ¥6,231 million in the Electronics segment and ¥4,849 million in the Electronic Components and Others segment. The remaining capital investment was used throughout the Company and cannot be accounted for by segment.

## **Consolidated Balance Sheets**

March 31, 2003 and 2002  
Casio Computer Co., Ltd. and Subsidiaries

<b>Assets</b>	Millions of yen		Thousands of U.S. dollars (Note 1) <b>2003</b>
	<b>2003</b>	<b>2002</b>	
<b>Current assets:</b>			
Cash and time deposits (Note 3).....	¥ <b>77,183</b>	¥ 82,956	\$ <b>643,192</b>
Marketable securities (Note 5) .....	<b>26,049</b>	22,156	<b>217,075</b>
Notes and accounts receivable—trade:			
Notes receivable .....	<b>11,312</b>	13,186	<b>94,267</b>
Accounts receivable.....	<b>79,932</b>	69,279	<b>666,100</b>
Allowance for doubtful accounts.....	( <b>1,965</b> )	(2,262)	( <b>16,375</b> )
Inventories (Notes 4, 7).....	<b>70,863</b>	74,881	<b>590,525</b>
Deferred tax assets (Note 8).....	<b>13,403</b>	12,311	<b>111,691</b>
Other current assets .....	<b>23,435</b>	9,478	<b>195,292</b>
Total current assets .....	<b>300,212</b>	281,985	<b>2,501,767</b>
<b>Property, plant and equipment:</b>			
Land.....	<b>38,964</b>	39,998	<b>324,700</b>
Buildings .....	<b>62,660</b>	65,228	<b>522,167</b>
Machinery and equipment.....	<b>112,354</b>	115,703	<b>936,283</b>
Construction in progress .....	<b>3,498</b>	1,169	<b>29,150</b>
	<b>217,476</b>	222,098	<b>1,812,300</b>
Accumulated depreciation.....	( <b>120,683</b> )	(117,843)	( <b>1,005,692</b> )
Net property, plant and equipment .....	<b>96,793</b>	104,255	<b>806,608</b>
<b>Investments and other assets:</b>			
Investments in affiliated companies .....	<b>2,361</b>	2,288	<b>19,675</b>
Investment securities and other investments (Note 5).....	<b>34,755</b>	35,222	<b>289,625</b>
Deferred tax assets (Note 8).....	<b>14,471</b>	14,011	<b>120,592</b>
Other assets .....	<b>12,106</b>	12,907	<b>100,883</b>
Allowance for doubtful accounts.....	( <b>1,585</b> )	(1,444)	( <b>13,208</b> )
Total investments and other assets .....	<b>62,108</b>	62,984	<b>517,567</b>
	<b>¥459,113</b>	¥449,224	<b>\$3,825,942</b>

See accompanying notes.

<b>Liabilities and Shareholders' Equity</b>	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003	2002	
<b>Current liabilities:</b>			
Short-term borrowings (Note 7).....	¥ 3,805	¥ 26,786	\$ 31,708
Long-term debt due within one year (Note 7).....	26,500	50,910	220,833
Notes payable—trade.....	25,598	13,809	213,317
Accounts payable—trade .....	54,835	29,813	456,958
Accounts payable—other .....	29,235	21,346	243,625
Accrued expenses.....	12,334	13,062	102,783
Income taxes payable (Note 8).....	2,390	738	19,917
Other current liabilities .....	6,871	9,562	57,259
Total current liabilities .....	161,568	166,026	1,346,400
<b>Long-term liabilities:</b>			
Long-term debt due after one year (Note 7) .....	146,136	134,071	1,217,800
Employees' severance and retirement benefits (Note 9) .....	13,508	9,497	112,567
Retirement benefits for directors and corporate auditors (Note 10) .....	598	—	4,983
Deferred tax liabilities (Note 8).....	2,029	2,030	16,908
Other long-term liabilities .....	736	541	6,134
Total long-term liabilities .....	163,007	146,139	1,358,392
<b>Minority interests</b> .....	2,581	2,742	21,508
<b>Contingent liabilities</b> (Note 14)			
<b>Shareholders' equity</b> (Note 11):			
Common stock:			
Authorized—471,693,000 shares in 2003 and 472,258,000 shares in 2002			
Issued—270,442,868 shares in 2003 and 271,007,868 shares in 2002 .....	41,549	41,549	346,242
Additional paid-in capital.....	57,523	57,885	479,358
Retained earnings.....	43,588	41,708	363,233
Net unrealized holding losses on securities .....	(5,312)	(1,825)	(44,267)
Foreign currency translation adjustments.....	(5,108)	(4,981)	(42,566)
	132,240	134,336	1,102,000
Treasury stock, at cost.....	(283)	(19)	(2,358)
Total shareholders' equity.....	131,957	134,317	1,099,642
	¥459,113	¥449,224	\$3,825,942

## *Consolidated Statements of Operations*

Years ended March 31, 2003 and 2002  
Casio Computer Co., Ltd. and Subsidiaries

	Millions of yen	Thousands of U.S. dollars (Note 1)	
	2003	2002	2003
<b>Net sales</b> (Note 13) .....	<b>¥440,567</b>	¥382,154	<b>\$3,671,392</b>
<b>Costs and expenses</b> (Note 13):			
Cost of sales.....	315,530	284,093	2,629,417
Selling, general and administrative expenses.....	93,009	94,394	775,075
Research and development expenses.....	14,114	14,085	117,617
	<b>422,653</b>	392,572	<b>3,522,109</b>
<b>Operating income (loss)</b> (Note 13) .....	<b>17,914</b>	(10,418)	<b>149,283</b>
<b>Other income (expenses):</b>			
Interest and dividends income .....	835	1,152	6,958
Foreign exchange gain (loss)—net .....	(2,914)	1,180	(24,283)
Gain (Loss) on disposal and sales of property, plant and equipment.....	(759)	849	(6,325)
Gain on sales of investment securities in consolidated subsidiaries (Note 17).....	—	1,578	—
Interest expense .....	(3,046)	(3,212)	(25,383)
Disposal and devaluation of inventories.....	(2,531)	(11,749)	(21,092)
Loss on devaluation and sales of investment securities.....	(785)	(4,016)	(6,542)
Restructuring charges (Note 18) .....	—	(8,486)	—
Other—net.....	900	(1,702)	7,501
	<b>(8,300)</b>	(24,406)	<b>(69,166)</b>
<b>Income (Loss) before income taxes and minority interests</b> .....	<b>9,614</b>	(34,824)	<b>80,117</b>
<b>Income taxes</b> (Note 8):			
Current .....	3,025	1,519	25,209
Deferred.....	824	(10,929)	6,867
	<b>3,849</b>	(9,410)	<b>32,076</b>
<b>Income (Loss) before minority interests</b> .....	<b>5,765</b>	(25,414)	<b>48,041</b>
<b>Minority interests</b> .....	<b>(118)</b>	486	<b>(983)</b>
<b>Net income (loss)</b> .....	<b>¥ 5,647</b>	¥(24,928)	<b>\$ 47,058</b>
	Yen	U.S. dollars (Note 1)	
<b>Amounts per share of common stock:</b>			
Net income (loss) (Note 19) .....	¥ 20.27	¥ (91.82)	\$ 0.17
Diluted net income (Note 19) .....	20.10	—	0.17
Cash dividends applicable to the year .....	12.50	12.50	0.10

See accompanying notes.

## Consolidated Statements of Shareholders' Equity

Years ended March 31, 2003 and 2002  
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, 2001</b>	271,578,868	¥41,549	¥58,197	¥70,203	¥(1,156)	¥(6,417)	¥ (1)	¥162,375
Net loss	—	—	—	(24,928)	—	—	—	(24,928)
Cash dividends paid (¥12.50 per share)...	—	—	—	(3,395)	—	—	—	(3,395)
Bonuses to directors and corporate auditors	—	—	—	(155)	—	—	—	(155)
Decrease in consolidated subsidiaries....	—	—	—	(17)	—	—	—	(17)
Retirement of treasury stock.....	(571,000)	—	(312)	—	—	—	—	(312)
Increase in net unrealized holding losses on securities .....	—	—	—	—	(669)	—	—	(669)
Decrease in foreign currency translation adjustments.....	—	—	—	—	—	1,436	—	1,436
Increase in treasury stock—net.....	—	—	—	—	—	—	(18)	(18)
<b>Balance at March 31, 2002</b>	271,007,868	41,549	57,885	41,708	(1,825)	(4,981)	(19)	134,317
Net income .....	—	—	—	<b>5,647</b>	—	—	—	<b>5,647</b>
Cash dividends paid (¥12.50 per share)...	—	—	—	(3,387)	—	—	—	(3,387)
Bonuses to directors and corporate auditors.....	—	—	—	(7)	—	—	—	(7)
Decrease in consolidated subsidiaries ..	—	—	—	(373)	—	—	—	(373)
Retirement of treasury stock.....	(565,000)	—	(362)	—	—	—	—	(362)
Increase in net unrealized holding losses on securities .....	—	—	—	—	(3,487)	—	—	(3,487)
Increase in foreign currency translation adjustments.....	—	—	—	—	—	(127)	—	(127)
Increase in treasury stock—net.....	—	—	—	—	—	—	(264)	(264)
<b>Balance at March 31, 2003</b>	<b>270,442,868</b>	<b>¥41,549</b>	<b>¥57,523</b>	<b>¥43,588</b>	<b>¥(5,312)</b>	<b>¥(5,108)</b>	<b>¥(283)</b>	<b>¥131,957</b>
Thousands of U.S. dollars (Note 1)								
<b>Balance at March 31, 2002</b>	\$346,242	\$482,375	\$347,566	\$(15,209)	\$(41,508)	\$ (158)	\$1,119,308	
Net income .....	—	—	<b>47,058</b>	—	—	—	<b>47,058</b>	
Cash dividends paid (\$0.10 per share).....	—	—	(28,225)	—	—	—	(28,225)	
Bonuses to directors and corporate auditors.....	—	—	(58)	—	—	—	(58)	
Decrease in consolidated subsidiaries.....	—	—	(3,108)	—	—	—	(3,108)	
Retirement of treasury stock.....	—	<b>(3,017)</b>	—	—	—	—	—	(3,017)
Increase in net unrealized holding losses on securities .....	—	—	—	(29,058)	—	—	(29,058)	
Increase in foreign currency translation adjustments.....	—	—	—	—	(1,058)	—	(1,058)	
Increase in treasury stock—net.....	—	—	—	—	—	(2,200)	(2,200)	
<b>Balance at March 31, 2003</b>	<b>\$346,242</b>	<b>\$479,358</b>	<b>\$363,233</b>	<b>\$(44,267)</b>	<b>\$(42,566)</b>	<b>\$2,358</b>	<b>\$1,099,642</b>	

See accompanying notes.

## Consolidated Statements of Cash Flows

Years ended March 31, 2003 and 2002  
Casio Computer Co., Ltd. and Subsidiaries

	Millions of yen	Thousands of U.S. dollars (Note 1)	
	2003	2002	2003
<b>Cash flows from operating activities:</b>			
Income (Loss) before income taxes and minority interests .....	¥ 9,614	¥ (34,824)	\$ 80,117
Depreciation (including software) .....	19,773	18,698	164,775
Amortization of goodwill.....	135	245	1,125
Loss (Gain) on disposal and sales of property, plant and equipment.....	759	(849)	6,325
Loss on devaluation and sales of investment securities.....	785	4,016	6,542
Gain on sales of investment securities in consolidated subsidiaries (Note 17).....	—	(1,578)	—
Increase in liabilities for the employees' severance and retirement benefits .....	4,245	4,967	35,375
Increase in retirement benefits for directors and corporate auditors.....	598	—	4,983
Interest and dividends income .....	(835)	(1,152)	(6,958)
Interest expense .....	3,046	3,212	25,383
Foreign exchange loss (gain).....	(431)	859	(3,592)
Equity in gains of affiliated companies.....	(49)	(135)	(408)
Changes in assets and liabilities:			
Decrease (Increase) in notes and accounts receivable.....	(7,614)	20,464	(63,450)
Decrease in inventories.....	164	15,216	1,367
Increase in other current assets.....	(11,421)	(320)	(95,175)
Increase (Decrease) in notes and accounts payable .....	36,363	(23,417)	303,025
Increase (Decrease) in consumption tax payable.....	(569)	156	(4,742)
Increase (Decrease) in other current liabilities.....	4,613	(1,765)	38,442
Decrease in trade notes and export drafts discounted.....	(725)	(1,506)	(6,042)
Payments of bonuses to directors and corporate auditors .....	(7)	(155)	(58)
Other .....	310	2,306	2,583
Total .....	58,754	4,438	489,617
Interest and dividends received.....	821	1,172	6,841
Interest paid .....	(3,123)	(3,126)	(26,025)
Income taxes paid .....	(1,321)	(3,715)	(11,008)
Net cash provided by (used in) operating activities .....	55,131	(1,231)	459,425
<b>Cash flows from investing activities:</b>			
Deposits in time deposits.....	(861)	(1,051)	(7,175)
Withdrawals from time deposits.....	875	913	7,292
Payments for purchases of marketable securities .....	(3,131)	—	(26,092)
Proceeds from sales of marketable securities .....	2,714	—	22,617
Payments for acquisitions of tangible fixed assets .....	(13,078)	(18,400)	(108,983)
Proceeds from sales of tangible fixed assets.....	1,282	3,873	10,683
Payments for acquisitions of intangible fixed assets .....	(4,525)	(4,750)	(37,708)
Proceeds from sales of intangible fixed assets.....	20	95	167
Payments for purchases of investment securities.....	(11,220)	(14,416)	(93,500)
Proceeds from sales and redemption of investment securities .....	3,696	2,679	30,800
Proceeds from sales of subsidiaries .....	2,470	—	20,583
Payments for long-term loans receivable.....	(63)	(184)	(525)
Collections from long-term loans receivable .....	80	119	667
Net decrease (increase) in loans receivable .....	128	(758)	1,066
Other .....	302	(479)	2,516
Net cash used in investing activities .....	(21,311)	(32,359)	(177,592)
<b>Cash flows from financing activities:</b>			
Net decrease in short-term borrowings.....	(22,416)	(1,239)	(186,800)
Proceeds from long-term debt.....	40,800	43,800	340,000
Payments for long-term debt.....	(3,201)	(580)	(26,675)
Proceeds from issuance of bonds.....	—	11,926	—
Redemption of bonds.....	(50,000)	—	(416,667)
Proceeds from minority shareholders .....	—	2,166	—
Payments for acquisitions of treasury stock for retirement .....	(362)	(312)	(3,017)
Payments for cash dividends .....	(3,387)	(3,395)	(28,225)
Other .....	(323)	(377)	(2,691)
Net cash provided by (used in) financing activities.....	(38,889)	51,989	(324,075)
<b>Effect of exchange rate changes on cash and cash equivalents</b> .....			
Net increase (decrease) in cash and cash equivalents .....	(5,246)	18,612	(43,717)
<b>Cash and cash equivalents at beginning of year (Note 3)</b> .....	<b>101,682</b>	83,070	<b>847,350</b>
<b>Cash and cash equivalents at end of year (Note 3)</b> .....	<b>¥ 96,436</b>	¥101,682	<b>\$803,633</b>

See accompanying notes.

## **Notes to Consolidated Financial Statements**

Years ended March 31, 2003 and 2002  
Casio Computer Co., Ltd. and Subsidiaries

### **1**

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

The Company and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen, and in accordance with the provisions set forth in the Japanese Commercial Code and accounting principles and practices generally accepted in Japan ("Japanese GAAP"). 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 consolidated statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP 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 consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2003, which was ¥120 to U.S.\$1. 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.

### **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 statements** 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 hedges and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in the 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 hedges 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 uses forward foreign currency contracts and interest rate swaps as derivative financial instruments only for the purpose of mitigating future risks of fluctuations of foreign currency exchange rates with respect to foreign currency assets and liabilities and of interest rate increases with respect to cash management.

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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 receivables.

**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 the 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 the master product are capitalized and amortized over no more than 3 years on a projected revenue basis.

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

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

**Bond issuance expenses** Bond issuance expenses are charged to income as incurred. Bond issuance expenses are included in other expenses in the 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. The net transition obligation will be recognized in expenses in equal amounts over 10 years commencing with the year ended March 31, 2001.

**Retirement benefits for directors and corporate auditors** The annual provision for accrued retirement benefits for directors and corporate auditors of the Company and certain subsidiaries is calculated to state the liability at the amount that would be required if all directors and corporate auditors had retired at each balance sheet date. The provisions for the retirement benefits are not funded.

**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 the calculation of the consolidated results of operations. In addition, some foreign subsidiaries recognize 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 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 company 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 convertible bonds. Related interest expense, net of income taxes, is eliminated.

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

**Reclassifications** Certain reclassifications have been made in the 2002 consolidated financial statements to conform to the 2003 presentation.

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

Cash and cash equivalents at March 31, 2003 and 2002 consisted of the following:

	Millions of yen	Thousands of U.S. dollars
	2003	2002
Cash and time deposits.....	¥77,183	\$643,192
Time deposits over three months .....	(797)	(6,642)
Marketable securities within three months .....	20,050	19,555
Cash and cash equivalents .....	<b>¥96,436</b>	<b>\$803,633</b>

The amounts of assets and liabilities at September 30, 2002 of Aichi Casio Co., Ltd. and Casio (Malaysia) Sdn. Bhd. excluded from consolidation due to sales of the equity in the companies were as follows:

	Millions of yen	Thousands of U.S. dollars	
	2003	2002	
Aichi Casio Co., Ltd.			
Current assets.....	¥9,041	\$75,342	
Long-term assets*.....	451	3,758	
Total assets.....	<b>¥9,492</b>	<b>\$79,100</b>	
Casio (Malaysia) Sdn. Bhd.			
Current assets.....	¥4,400	\$36,667	
Long-term assets*.....	1,149	9,575	
Total assets.....	<b>¥5,549</b>	<b>\$46,242</b>	
Current liabilities .....	¥7,154	\$59,617	
Long-term liabilities .....	177	1,475	
Total liabilities .....	<b>¥7,331</b>	<b>\$61,092</b>	

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

### **4 INVENTORIES**

Inventories at March 31, 2003 and 2002 consisted of the following:

	Millions of yen	Thousands of U.S. dollars	
	2003	2002	
Finished products.....	¥47,366	\$51,990	
Work in process.....	10,390	10,562	
Materials and supplies .....	13,107	12,329	
Total.....	<b>¥70,863</b>	<b>\$74,881</b>	<b>\$590,525</b>

### **5 SECURITIES**

(1) The following tables summarize acquisition costs, book values and fair values of securities with available fair values at March 31, 2003 and 2002.

(a) Held-to-maturity debt securities

	Millions of yen						Thousands of U.S. dollars		
	2003			2002			2003		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with available fair values exceeding book values .....	¥—	¥—	¥—	¥—	¥—	¥—	\$—	\$—	\$—
Securities other than the above .....	—	—	—	2,601	2,595	(6)	—	—	—
Total.....	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥2,601</b>	<b>¥2,595</b>	<b>¥(6)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>

(b) Available-for-sale securities

Securities with book values exceeding acquisition costs:

	Millions of yen						Thousands of U.S. dollars		
	2003			2002			2003		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities .....	¥2,678	¥3,588	¥910	¥6,479	¥7,630	¥1,151	\$22,317	\$29,900	\$7,583
Bonds .....	2,997	3,002	5	3	5	2	24,975	25,017	42
Others .....	—	—	—	—	—	—	—	—	—
Total .....	¥5,675	¥6,590	¥915	¥6,482	¥7,635	¥1,153	\$47,292	\$54,917	\$7,625

Others:

	Millions of yen						Thousands of U.S. dollars		
	2003			2002			2003		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities .....	¥23,351	¥14,225	¥(9,126)	¥13,265	¥ 9,420	¥(3,845)	\$194,592	\$118,542	\$(76,050)
Bonds .....	11,921	11,901	(20)	8,780	8,766	(14)	99,342	99,175	(167)
Others .....	1,449	752	(697)	1,207	760	(447)	12,074	6,266	(5,808)
Total .....	¥36,721	¥26,878	¥(9,843)	¥23,252	¥18,946	¥(4,306)	\$306,008	\$223,983	\$(82,025)

(2) The following tables summarize book values of securities with no available fair values at March 31, 2003 and 2002.

(a) Book value of held-to-maturity debt securities

	Millions of yen			Thousands of U.S. dollars	
	2003		2002	2003	
	Acquisition cost	Book value	Difference	Acquisition cost	Book value
Certificates of deposit .....	—	—	—	¥—	¥7,300

(b) Book value of available-for-sale securities

	Millions of yen			Thousands of U.S. dollars	
	2003		2002	2003	
	Acquisition cost	Book value	Difference	Acquisition cost	Book value
Unlisted equity securities (excluding over-the-counter securities) .....	¥ 2,290	¥ 2,370	—	\$ 19,083	—
Short-term treasury bonds .....	20,050	—	—	167,084	—
Bond investment trusts .....	—	—	2,050	—	—
Medium-term treasury funds .....	—	—	4,615	—	—
Money management funds .....	—	—	5,090	—	—
Free financial funds .....	—	—	500	—	—
Total .....	¥22,340	¥14,625	—	\$186,167	—

(3) Available-for-sale securities sold in the year ended March 31, 2003 and 2002 were as follows:

	Millions of yen			Thousands of U.S. dollars	
	2003		2002	2003	
	Acquisition cost	Book value	Difference	Acquisition cost	Book value
Sales amount .....	¥113	¥1,389	—	\$ 942	—
Gross realized gains .....	—	50	—	—	—
Gross realized losses .....	189	671	—	1,575	—

(4) Available-for-sale securities with maturities and held-to-maturity debt securities at March 31, 2003 and 2002 were as follows:

	Millions of yen						2002					
	2003					Total	2002					Total
	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	—	—
<b>Bonds:</b>												
Government bonds .....	¥20,050	¥ —	¥ —	¥ —	¥20,050	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Corporate bonds .....	5	—	—	—	5	—	—	5	—	—	—	5
Others .....	6,000	3,800	5,121	—	14,921	9,900	—	8,780	—	—	—	18,680
Total .....	¥26,055	¥3,800	¥5,121	¥ —	¥34,976	¥9,900	¥ 5	¥8,780	¥ —	—	—	¥18,685

	Thousands of U.S. dollars				
	2003				
	Within one year	Within five years	Within ten years	Over ten years	Total
<b>Bonds:</b>					
Government bonds.....	<b>\$167,083</b>	\$ —	\$ —	\$ —	<b>\$167,083</b>
Corporate bonds.....	42	—	—	—	42
Others .....	<b>50,000</b>	<b>31,667</b>	<b>42,675</b>	—	<b>124,342</b>
Total .....	<b>\$217,125</b>	<b>\$31,667</b>	<b>\$42,675</b>	\$—	<b>\$291,467</b>

## 6 DERIVATIVE TRANSACTIONS

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

The Group also utilizes forward foreign currency contracts and currency options to hedge currency fluctuation risks arising from the export of products and materials for products in addition to hedging through increases in overseas production and the 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 values of derivative transactions of the Group at March 31, 2003 and 2002 were as follows:

### Currency-related derivatives:

	Millions of yen							
	2003				2002			
	Contract amount		Fair value	Realized gain (loss)	Contract amount		Fair value	Realized gain (loss)
	Total	Due after one year			Total	Due after one year		
<b>Forward contracts:</b>								
To sell:								
U.S. dollars .....	<b>¥13,000</b>	¥—	<b>¥13,282</b>	¥ (282)	¥ 7,114	¥ —	¥ 7,140	¥ (26)
Euros .....	9,855	—	10,627	(772)	7,387	—	7,757	(370)
Sterling pounds.....	1,449	—	1,451	(2)	1,275	—	1,375	(100)
Total .....	<b>¥24,304</b>	¥—	<b>¥25,360</b>	¥(1,056)	¥15,776	¥—	¥16,272	¥(496)

	Thousands of U.S. dollars			
	2003			
	Contract amount		Fair value	Realized gain (loss)
	Total	Due after one year		
<b>Forward contracts:</b>				
To sell:				
U.S. dollars .....	<b>\$108,333</b>	\$—	<b>\$110,683</b>	<b>\$ (2,350)</b>
Euros .....	82,125	—	88,558	(6,433)
Sterling pounds.....	12,075	—	12,092	(17)
Total .....	<b>\$202,533</b>	\$—	<b>\$211,333</b>	<b>\$ (8,800)</b>

### 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 contract amount, fair value and realized gain or loss to be reported for the years ended March 31, 2003 and 2002.

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

The average interest rate of short-term borrowings was 1.23% per annum at March 31, 2003 and 1.33% per annum at March 31, 2002.

Assets pledged as collateral for short-term borrowings as of March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Inventories .....	¥—	¥6,785	\$—
Short-term borrowings .....	—	2,260	—

Long-term debt at March 31, 2003 and 2002 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
1.9% unsecured convertible bonds due in 2004 .....	¥ 23,811	¥ 23,811	\$ 198,425
2.0% unsecured bonds due in 2002 .....	—	50,000	—
0.55% unsecured bonds due in 2004 .....	2,000	2,000	16,667
2.15% unsecured bonds due in 2004 .....	10,000	10,000	83,333
2.05% unsecured bonds due in 2005 .....	30,000	30,000	250,000
2.575% unsecured bonds due in 2007 .....	10,000	10,000	83,333
1.42% unsecured bonds due in 2009 .....	10,000	10,000	83,333
Unsecured loans principally from banks at interest rates of 0.34% to 1.83% maturing through 2011 .....	86,825	49,170	723,542
Total .....	172,636	184,981	1,438,633
Less amount due within one year .....	26,500	50,910	220,833
	¥146,136	¥134,071	\$1,217,800

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 (\$12.52) (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, 2003 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2004.....	¥26,500	\$220,833
2005.....	13,814	115,117
2006.....	39,667	330,558
2007.....	20,705	172,542
2008.....	30,500	254,167
Thereafter.....	41,450	345,416

The line of credit with the main financial institutions agreed as of March 31, 2003 and 2002 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Line of credit .....	¥35,000	¥60,000	\$291,667
Unused .....	35,000	50,000	291,667

## 8 INCOME TAXES

The statutory income tax rate used for calculation of deferred income tax assets and liabilities was 42.1% for the year ended March 31, 2002. Effective for years commencing on April 1, 2004 or later, according to the revised local tax law, income tax rates for enterprise taxes will be reduced as a result of introducing the assessment by estimation on the basis of the size of business. Based on the change of income tax rates, for calculation of deferred income tax assets and liabilities, the Company and consolidated domestic subsidiaries used the statutory income tax rates of 42.1% and 40.5% for current items and non-current items, respectively, at March 31, 2003.

As a result of the change in the statutory tax rates, deferred income tax assets decreased by ¥548 million (\$4,566 thousand) and net unrealized holding losses on securities decreased by ¥139 million (\$1,158 thousand) and provision for deferred income taxes increased by ¥409 million (\$3,408 thousand) compared with what would have been recorded under the previous local tax law.

Significant components of deferred tax assets and liabilities as of March 31, 2003 and 2002 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2003	2002
<b>Deferred tax assets:</b>		
Net operating loss carryforwards.....	¥ 8,017	\$ 66,808
Employees' severance and retirement benefits .....	5,190	43,250
Unrealized holding losses on securities .....	3,984	33,200
Accrued expenses (bonuses to employees) .....	2,525	21,042
Inventories .....	2,403	20,025
Other.....	12,035	100,292
Gross deferred tax assets .....	34,154	284,617
Valuation allowance .....	(5,436)	(45,300)
Total deferred tax assets .....	<b>28,718</b>	<b>239,317</b>
<b>Deferred tax liabilities:</b>		
Effect of valuation difference .....	(2,018)	(16,817)
Property, plant and equipment .....	(396)	(3,300)
Unrealized holding gains on securities.....	(369)	(3,075)
Other.....	(90)	(750)
Total deferred tax liabilities .....	<b>(2,873)</b>	<b>(23,942)</b>
Net deferred tax assets .....	<b>¥25,845</b>	<b>¥24,292</b>
	<b>\$215,375</b>	

## 9 EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The liabilities for the employees' severance and retirement benefits included in the liability section of the consolidated balance sheets at March 31, 2003 and 2002 consists of the following:

	Millions of yen	Thousands of U.S. dollars
	2003	2002
<b>Projected benefit obligation</b> .....		
Projected benefit obligation .....	¥97,229	\$810,242
Unrecognized prior service costs .....	—	—
Unrecognized actuarial differences .....	(29,469)	(245,575)
Less fair value of pension assets .....	(40,567)	(338,058)
Less unrecognized net transition obligation.....	(13,698)	(114,150)
Prepaid pension cost .....	13	38
Liabilities for the employees' severance and retirement benefits .....	<b>¥13,508</b>	<b>¥ 9,497</b>
	<b>\$112,567</b>	

Included in the consolidated statements of operations for the years ended March 31, 2003 and 2002 are employees' severance and retirement benefit expenses comprised of the following:

	Millions of yen	Thousands of U.S. dollars
	2003	2002
<b>Service cost-benefits earned during the year</b> .....		
Service cost-benefits earned during the year .....	¥4,561	\$38,009
Interest cost on projected benefit obligation.....	2,586	21,550
Expected return on plan assets .....	(1,929)	(16,075)
Amortization of prior service costs.....	—	—
Amortization of actuarial differences .....	1,482	12,350
Amortization of net transition obligation .....	1,957	16,308
Employees' severance and retirement benefit expenses .....	<b>¥8,657</b>	<b>¥7,844</b>
	<b>\$72,142</b>	

The discount rate and the rate of expected return on plan assets used by the Company are 2.8% and 4.5% in 2003 and 3.0% and 4.5% in 2002, 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 RETIREMENT BENEFITS FOR DIRECTORS AND CORPORATE AUDITORS**

Effective April 1, 2002, the Company changed its accounting policy for retirement benefits for directors and corporate auditors.

Previously, retirement benefits to directors and corporate auditors were recognized after the approval at the shareholders' meeting and charged to income when paid.

Under the new policy, the Company and certain subsidiaries fully accrue retirement benefits if all directors and corporate auditors had retired at each balance sheet date.

The cumulative effect of ¥2,295 million (\$19,125 thousand) at the beginning was amortized on a straight-line basis over five years as other expenses.

The provision incurred during the current year ended March 31, 2003 was charged as selling, general and administrative expenses.

As a result of this accounting change, operating income and income before income taxes and minority interests for the year ended March 31, 2003 decreased by ¥139 million (\$1,158 thousand) and ¥598 million (\$4,983 thousand), respectively, compared with what would have been recorded under the previous accounting policy.

## **11 SHAREHOLDERS' EQUITY**

Under the Commercial Code of Japan, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

Effective October 1, 2001, the Commercial Code provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of legal earnings reserve and additional paid-in capital equals 25% of common stock. The total amount of legal earnings reserve and additional paid-in capital of the Company has been reached to 25% of common stock, and therefore the Company is not required to provide legal earnings reserve any more. The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of legal earnings reserve and additional paid-in capital remains being equal to or exceeding 25% of common stock, they are available for distribution by the resolution of shareholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying consolidated financial statements.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Commercial Code.

At the current conversion prices, 15,849 thousand shares of common stock were issuable at March 31, 2003 upon full conversion of the 1.9% convertible bonds.

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

## **12 LEASE TRANSACTIONS**

The amounts of outstanding future lease payments due at March 31, 2003 and 2002 and total lease expenses (including total assumed depreciation cost and total assumed interest cost) as lessee for the years ended March 31, 2003 and 2002 were as follows:

	Millions of yen	Thousands of U.S. dollars	
	2003	2002	<b>2003</b>
Future lease payments:			
Due within one year .....	¥ 3,741	¥ 3,697	\$ 31,175
Due over one year .....	9,249	11,224	77,075
Total.....	<b>¥12,990</b>	¥14,921	<b>\$108,250</b>
Total lease expenses .....	¥ 4,602	¥ 4,125	\$ 38,350
Total assumed depreciation cost .....	¥ 4,145	¥ 3,699	\$ 34,542
Total assumed interest cost .....	¥ 589	¥ 537	\$ 4,908

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, 2003 and 2002 were summarized as follows:

	Millions of yen						Thousands of U.S. dollars		
	2003			2002			2003		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery.....	<b>¥14,414</b>	<b>¥4,482</b>	<b>¥ 9,932</b>	¥14,373	¥2,927	¥11,446	<b>\$120,117</b>	<b>\$37,350</b>	<b>\$ 82,767</b>
Equipment.....	<b>3,711</b>	<b>1,709</b>	<b>2,002</b>	4,586	2,220	2,366	<b>30,925</b>	<b>14,242</b>	<b>16,683</b>
Other.....	<b>1,400</b>	<b>707</b>	<b>693</b>	1,617	792	825	<b>11,666</b>	<b>5,891</b>	<b>5,775</b>
Total.....	<b>¥19,525</b>	<b>¥6,898</b>	<b>¥12,627</b>	¥20,576	¥5,939	¥14,637	<b>\$162,708</b>	<b>\$57,483</b>	<b>\$105,225</b>

## 13 SEGMENT INFORMATION

The business and geographical segment information and overseas sales for the Group for the years ended March 31, 2003 and 2002 were as follows:

### (1) Business segments

	Millions of yen			
	Electronics		Electronic components and others	Elimination or unallocated amount
		Total		Consolidated
<b>For 2003</b>				
Net sales:				
Outside customers .....	<b>¥350,145</b>	<b>¥ 90,422</b>	<b>¥440,567</b>	<b>¥ —</b>
Inside Group .....	<b>1,827</b>	<b>29,571</b>	<b>31,398</b>	<b>(31,398)</b>
Total .....	<b>351,972</b>	<b>119,993</b>	<b>471,965</b>	<b>(31,398)</b>
Costs and expenses.....	<b>334,161</b>	<b>115,180</b>	<b>449,341</b>	<b>(26,688)</b>
Operating income (loss) .....	<b>¥ 17,811</b>	<b>¥ 4,813</b>	<b>¥ 22,624</b>	<b>¥ (4,710)</b>
Total assets.....	<b>¥234,729</b>	<b>¥106,606</b>	<b>¥341,335</b>	<b>¥117,778</b>
Depreciation .....	<b>¥ 11,928</b>	<b>¥ 7,540</b>	<b>¥ 19,468</b>	<b>¥ 305</b>
Capital expenditures .....	<b>¥ 10,592</b>	<b>¥ 4,989</b>	<b>¥ 15,581</b>	<b>¥ 112</b>
				<b>¥ 15,693</b>

	Thousands of U.S. dollars			
	Electronics		Electronic components and others	Elimination or unallocated amount
		Total		Consolidated
<b>For 2003</b>				
Net sales:				
Outside customers .....	<b>\$2,917,875</b>	<b>\$753,517</b>	<b>\$3,671,392</b>	<b>\$ —</b>
Inside Group .....	<b>15,225</b>	<b>246,425</b>	<b>261,650</b>	<b>(261,650)</b>
Total .....	<b>2,933,100</b>	<b>999,942</b>	<b>3,933,042</b>	<b>(261,650)</b>
Costs and expenses.....	<b>2,784,675</b>	<b>959,834</b>	<b>3,744,509</b>	<b>(222,400)</b>
Operating income (loss) .....	<b>\$ 148,425</b>	<b>\$ 40,108</b>	<b>\$ 188,533</b>	<b>\$ (39,250)</b>
Total assets.....	<b>\$1,956,075</b>	<b>\$888,383</b>	<b>\$2,844,458</b>	<b>\$981,484</b>
Depreciation .....	<b>\$ 99,400</b>	<b>\$ 62,833</b>	<b>\$ 162,233</b>	<b>\$ 2,542</b>
Capital expenditures .....	<b>\$ 88,267</b>	<b>\$ 41,575</b>	<b>\$ 129,842</b>	<b>\$ 933</b>
				<b>\$ 130,775</b>

		Millions of yen			
	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
<b>For 2002</b>					
Net sales:					
Outside customers .....	¥299,003	¥ 83,151	¥382,154	¥ —	¥382,154
Inside Group .....	2,271	31,714	33,985	(33,985)	—
Total .....	301,274	114,865	416,139	(33,985)	382,154
Costs and expenses.....	309,850	112,161	422,011	(29,439)	392,572
Operating income (loss) .....	¥ (8,576)	¥ 2,704	¥ (5,872)	¥ (4,546)	¥ (10,418)
Total assets.....	¥238,255	¥ 90,545	¥328,800	¥120,424	¥449,224
Depreciation .....	¥ 11,587	¥ 6,559	¥ 18,146	¥ 552	¥ 18,698
Capital expenditures .....	¥ 10,225	¥ 10,180	¥ 20,405	¥ 82	¥ 20,487

- Notes: 1. Business segments were classified by the 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, PDAs, 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, Molds, 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 ¥4,710 million (\$39,250 thousand) and ¥4,546 million for the years ended March 31, 2003 and 2002, respectively.
4. Elimination or unallocated amounts of total assets principally consisted of cash and time deposits, marketable securities, investments in securities and administrative assets of the parent company, which amounted to ¥118,621 million (\$988,508 thousand) and ¥123,185 million for the years ended March 31, 2003 and 2002, respectively.
5. As explained in Note 10, effective April 1, 2002, the Company provided accrued retirement benefits for directors and corporate auditors of the Company. The effect of this change was to increase costs and expenses in Electronics by ¥116 million (\$967 thousand) and in Electronic components and others by ¥23 million (\$191 thousand) and to decrease operating income of such segments by the same amounts.

## (2) Geographical segments

	Millions of yen						
	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
<b>For 2003</b>							
Net sales:							
Outside customers....	¥341,955	¥41,333	¥49,579	¥ 7,700	¥440,567	¥ —	¥440,567
Inside Group .....	70,655	380	82	82,032	153,149	(153,149)	—
Total .....	412,610	41,713	49,661	89,732	593,716	(153,149)	440,567
Costs and expenses.....	396,653	41,055	48,787	88,817	575,312	(152,659)	422,653
Operating income (loss)...	¥ 15,957	¥ 658	¥ 874	¥ 915	¥ 18,404	¥ (490)	¥ 17,914
Total assets .....	¥433,339	¥15,259	¥20,563	¥27,188	¥496,349	¥(37,236)	¥459,113

	Thousands of U.S. dollars						
	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
<b>For 2003</b>							
Net sales:							
Outside customers...	\$2,849,625	\$344,442	\$413,158	\$ 64,167	\$3,671,392	\$ —	\$3,671,392
Inside Group .....	588,792	3,167	683	683,600	1,276,242	(1,276,242)	—
Total.....	3,438,417	347,609	413,841	747,767	4,947,634	(1,276,242)	3,671,392
Costs and expenses..	3,305,442	342,125	406,558	740,142	4,794,267	(1,272,158)	3,522,109
Operating income (loss)...	\$ 132,975	\$ 5,484	\$ 7,283	\$ 7,625	\$ 153,367	\$ (4,084)	\$ 149,283
Total assets.....	\$3,611,159	\$127,158	\$171,358	\$226,567	\$4,136,242	\$ (310,300)	\$3,825,942

	Millions of yen						
	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
<b>For 2002</b>							
Net sales:							
Outside customers....	¥292,994	¥46,711	¥35,643	¥ 6,806	¥382,154	¥ —	¥382,154
Inside Group .....	60,129	1,129	—	90,432	151,690	(151,690)	—
Total .....	353,123	47,840	35,643	97,238	533,844	(151,690)	382,154
Costs and expenses.....	362,149	50,593	35,304	96,287	544,333	(151,761)	392,572
Operating income (loss)...	¥ (9,026)	¥ (2,753)	¥ 339	¥ 951	¥ (10,489)	¥ 71	¥ (10,418)
Total assets .....	¥414,667	¥18,719	¥18,650	¥33,875	¥485,911	¥ (36,687)	¥449,224

- Notes: 1. Segments of countries and areas were classified by the geographical factor.  
 2. The main countries and the areas which belong to 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. As explained in Note 10, effective April 1, 2002, the Company provided accrued retirement benefits for directors and corporate auditors of the Company. The effect of this change was to increase costs and expenses in Japan by ¥139 million (\$1,158 thousand) and to decrease operating income by the same amounts.

### (3) Overseas sales

	Millions of yen				
	North America	Europe	Asia	Others	Total
<b>For 2003</b>					
Overseas net sales .....	¥49,423	¥56,180	¥45,611	¥20,752	¥171,966
Net sales (consolidated).....					440,567
Share of overseas net sales.....	11.2%	12.7%	10.4%	4.7%	39.0%

	Thousands of U.S. dollars				
	North America	Europe	Asia	Others	Total
<b>For 2003</b>					
Overseas net sales .....	\$411,858	\$468,167	\$380,092	\$172,933	\$1,433,050
Net sales (consolidated).....					3,671,392
Share of overseas net sales.....	11.2%	12.7%	10.4%	4.7%	39.0%

	Millions of yen				
	North America	Europe	Asia	Others	Total
<b>For 2002</b>					
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%

- Notes: 1. Segments of countries and areas were classified by the geographical factor.  
 2. The main countries and the areas which belong to 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.

## 14 CONTINGENT LIABILITIES

At March 31, 2003, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥2,193 million (\$18,275 thousand) and as guarantor of others for bank loans in the amount of ¥1,221 million (\$10,175 thousand).

## 15 ACCOUNTING STANDARD FOR TREASURY STOCK AND REVERSAL OF STATUTORY RESERVES

Effective April 1, 2002, the Company adopted the new accounting standard for treasury stock and reversal of statutory reserves (Accounting Standards Board Statement No. 1, "Accounting Standard for Treasury Stock and Reversal of Statutory Reserves", issued by the Accounting Standards Board of Japan on February 21, 2002).

The effect on net income of the adoption of the new accounting standard was not material.

## **16 STOCK OPTION**

By special resolution at the 46th annual shareholders' meeting held on June 27, 2002, the Company introduced a stock option plan in accordance with Article 280-20, 21 of the Commercial Code in Japan, and granted stock purchase rights at advantageous terms to directors, corporate auditors and employees of the Company and subsidiaries, as of June 27, 2002.

The stock purchase rights can be exercised at a price of ¥699 (\$5.82) per share in the period from July 1, 2004 to June 30, 2009, and a total of 1,270 thousand shares of common stock could be issued by the exercise of these rights. The exercise price of stock purchase rights would be adjusted, if the Company issues new shares at a price below the market price.

By special resolution at the 47th annual shareholders' meeting held on June 27, 2003, the Company introduced a stock option plan in accordance with Article 280-20, 21 of the Commercial Code in Japan, and granted stock purchase rights at advantageous terms to directors, corporate auditors and employees of the Company and subsidiaries, as of June 27, 2003.

The stock purchase rights can be exercised at a price, which is determined by the average of each day closing price during the previous month before the issue of stock options, in the period from July 1, 2005 to June 30, 2010, and a total of 500 thousand shares of common stock could be issued by the exercise of these rights. The exercise price of stock purchase rights would be adjusted, if the Company issues new shares at a price below the market price.

## **17 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. As a result, the Company's shareholdings in Casio Micronics Co., Ltd. declined from 92.6% to 85.4%.

## **18 RESTRUCTURING CHARGES**

Restructuring charges for the year ended March 31, 2002 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.

## **19 EARNINGS PER SHARE**

Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance No. 4, "Implementation Guidance for Accounting Standard for Earnings Per Share", issued by the Accounting Standards Board of Japan on September 25, 2002).

Earnings per share for the year ended March 31, 2002 would have been reported as follows, if this new accounting standard were applied retroactively.

	Yen	U.S. dollars (Note 1)
Net loss per share:		
Basic.....	¥(91.84)	\$(0.77)
Diluted .....	—	—

## **20 SUBSEQUENT EVENTS**

At the annual shareholders' meeting held on June 27, 2003, the Company's shareholders approved the payment of a cash dividend of ¥12.50 (\$0.10) per share aggregating ¥3,375 million (\$28,125 thousand) to shareholders of record as of March 31, 2003.

## ***Independent Auditors' Report***

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To the Shareholders and 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, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CASIO COMPUTER CO., LTD. and subsidiaries as of March 31, 2003 and 2002, 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 as described in Note 1 to the consolidated financial statements.

Without qualifying our opinion, we draw attention to Note 10 to the consolidated financial statements, effective April 1, 2002, CASIO COMPUTER CO., LTD. changed the method of accounting for retirement benefits for directors and corporate auditors.

The consolidated financial statements as of and for the year ended March 31, 2003 have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis set forth in Note 1 to the consolidated financial statements.

*Asahi & Co.*

Tokyo, Japan

June 27, 2003

## **Principal Subsidiaries**

(As of March 2003)

### **Overseas Subsidiaries**

#### **Europe**

##### **Casio Europe GmbH**

Germany

Sales of Casio products

##### **Casio Electronics Co., Ltd.**

U.K.

Sales of Casio products

##### **Montres Casio France S.A.**

France

Sales of electronic timepieces

#### **Asia**

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

Hong Kong

Production of electronic calculators

##### **■ Casio Korea Co., Ltd.**

The Republic of Korea

Production of electronic timepieces

##### **■ Casio Taiwan Ltd.**

Taiwan

Production of timepiece cases

##### **■ Casio Singapore Pte., Ltd.**

Singapore

Production of electronic components and sales of Casio products

##### **■ Casio India Co., Pvt. Ltd.**

India

Production and sales of electronic calculators and electronic timepieces

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

The People's Republic of China

Production and sales of electronic musical instruments

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

The People's Republic of China

Production and sales of electronic calculators

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

The People's Republic of China

Production of electronic timepieces

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

The People's Republic of China

Production and sales of electronic timepieces

##### **■ Casio (Thailand) Co., Ltd.**

Thailand

Production of electronic timepieces

##### **■ Casio (Shanghai) Co., Ltd.**

The People's Republic of China

Sales of Casio products

### **North America**

##### **■ Casio, Inc.**

U.S.A.

Sales of Casio products

##### **■ Casio Canada Ltd.**

Canada

Sales of Casio products

##### **■ Casio Holdings, Inc.**

U.S.A.

Holding company

### **Domestic Subsidiaries**

##### **■ Yamagata Casio Co., Ltd.**

Production of electronic timepieces, cellular phones, and digital cameras

##### **■ Casio Micronics Co., Ltd.**

Production and sales of electronic components

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

Production of page printers

##### **■ Kochi Casio Co., Ltd.**

Production of LCDs

##### **■ Kofu Casio Co., Ltd.**

Production of electronic calculators, PDAs, and LCDs

##### **■ Casio Techno Co., Ltd.**

Customer service for Casio products

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

Sales of system equipment

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

Sales of electronic components

##### **■ CCP Co., Ltd.**

Production and sales of toys and home appliances

(55 consolidated subsidiaries and 7 equity-method affiliates)

## **Directors and Corporate Auditors**

(As of June 27, 2003)

\* Corporate Officers

Chairman  
and Representative Director  
Toshio Kashio

President and CEO  
Kazuo Kashio\*

Executive Vice President  
and Representative Director  
Yukio Kashio\*

Managing Directors  
Masayuki Hakata\*  
Yozo Suzuki\*  
Akinori Takagi\*  
Yoshio Ono\*

Directors  
Masami Chikauchi\*  
Tadashi Takasu\*  
Atsushi Mawatari\*  
Kouichi Takeichi\*  
Akira Kashio\*

Corporate Auditors  
Takeshi Honda  
Atsuhiro Takayama  
Hironori Daitoku

**Corporate Officers**  
Naomitsu Satoh  
Chikafusa Miyamoto  
Kiyotaka Hachiya  
Tomimoto Umeda  
Shinji Yamamoto  
Eiichi Takeuchi  
Tateki Oishi  
Fumitsune Murakami  
Harunori Fukase  
Isamu Shimozato  
Susumu Takashima  
Ichiro Ohno

## **Corporate Data**

(As of March 31, 2003)

**Established**  
June 1957

**Paid-in Capital**  
¥41,549 million

**Employees**  
11,481

**Home Page Address**  
<http://world.casio.com>

### **Domestic Offices**

**Head Office**  
6-2, Hon-machi 1-chome,  
Shibuya-ku, Tokyo 151-8543  
**■ Accounting Division**  
Tel: (03) 5334-4852

**Global Marketing Headquarters**  
**■ International Sales and Marketing Division**  
Consumer Products  
Sales Department 1  
Asia Pacific Section/EMI Section  
Tel: (03) 5334-4837  
Middle East•Africa Section/  
Latin America Section  
Tel: (03) 5334-4320  
Consumer Products  
Sales Department 2  
Sales Section  
Tel: (03) 5334-4905  
Timepiece Sales Department  
Asia Pacific Section  
Tel: (03) 5334-4981  
Middle East•Africa Section/  
Latin America Section  
Tel: (03) 5334-4320

**■ Administrative Management Section/Subsidiary Control Section**  
Tel: (03) 5334-4321  
**■ System Solution Products Headquarters**  
Overseas Marketing & Sales Department  
Tel: (03) 5334-4770/4771  
**■ North America and Europe**  
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

### **Overseas Offices**

**Casio Inc.**

570 Mt. Pleasant Avenue,  
Dover, New Jersey 07801,  
United States  
Tel: 973-361-5400

**Casio Europe GmbH**

Bornbarch 10,  
22848 Norderstedt, Germany  
Tel: +49-40-528-65-0

**■ Moscow Representative Office**  
25/3, Tsvetnoi Boulevard,  
Moscow 103051, Russia  
Tel: 095-725-6466

**Casio Computer Co., Ltd.**

**■ Beijing Office**  
JingTai Tower, Room No. 803,  
24 JianGuoMen Wai Street,  
Beijing 100022,  
People's Republic of China  
Tel: 010-6515-5275

**■ Dubai Representative Office**  
P.O. Box 54268,  
Dubai Airport Free Zone,  
Dubai, U.A.E.  
Tel: 9714-299-6366

**■ Mexico Representative Office**  
Montecito No. 38,  
World Trade Center,  
Piso 23, Local 10 Y 11,  
Col. Napoles, C.P. 03810,  
Mexico D.F.  
Tel: 52-55-5488-2071

## 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: 471,693,000 shares  
Issued: 270,442,868 shares

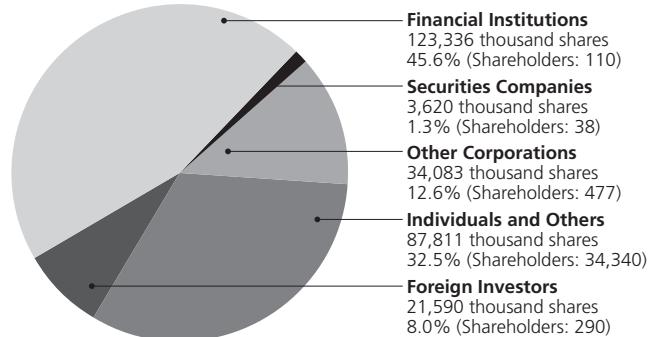
### Number of Shareholders

35,255

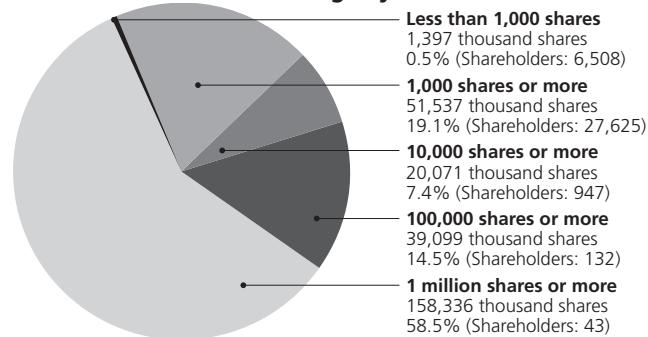
### Principal Shareholders

	Shareholdings (thousands)	Outstanding voting share
Nippon Life Insurance Company	13,670	5.11%
Sumitomo Mitsui Banking Corp.	13,370	5.00
Japan Trustee Services Bank, Ltd. (Trust Account)	13,211	4.94
Casio Bros. Corp.	10,000	3.74
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,113	3.41
UFJ Trust Bank, Ltd. (Trust Account A)	5,814	2.17
Toshio Kashio	5,357	2.00
UFJ Bank Limited	4,947	1.85
Sumitomo Life Insurance Company	4,906	1.83
Mitsui Sumitomo Insurance Co., Ltd.	4,582	1.71

### Breakdown of Shareholders



### Breakdown of Shareholdings by Size

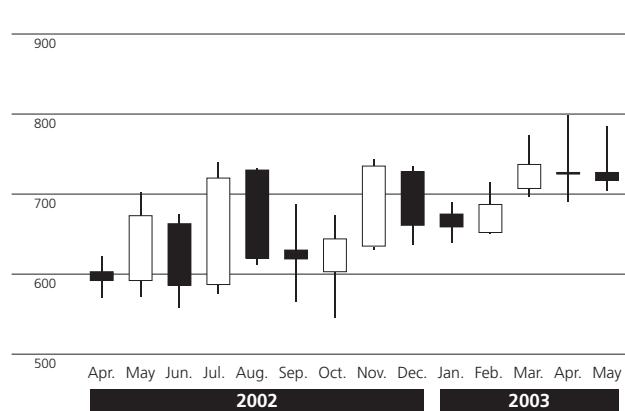


(As of March 31, 2003)

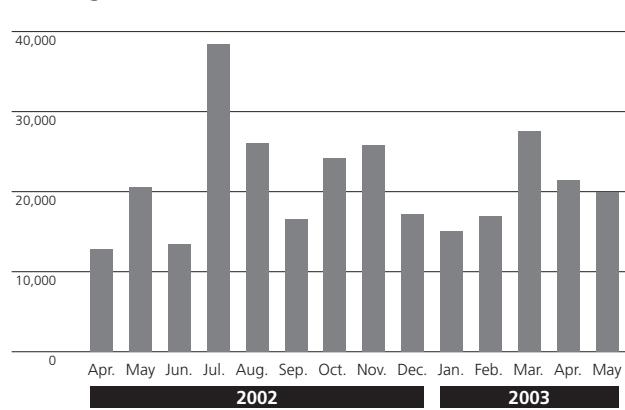
### Share Price Range

Year	Month	Yen	
		High	Low
2002	Apr.	¥622	¥570
	May	703	572
	Jun.	675	558
	Jul.	740	576
	Aug.	733	612
	Sep.	688	566
	Oct.	674	546
	Nov.	743	630
	Dec.	735	637
	2003	Jan.	690
		Feb.	715
		Mar.	773
		Apr.	798
		May	785
		639	651
		696	690
		704	704

### Share Price



### Trading Volume



(As of May 31, 2003)



**CASIO COMPUTER CO.,LTD.**

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

[world.casio.com](http://world.casio.com)