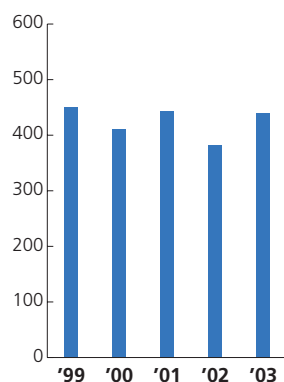


## NET SALES

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.

### Net Sales

Billions of yen



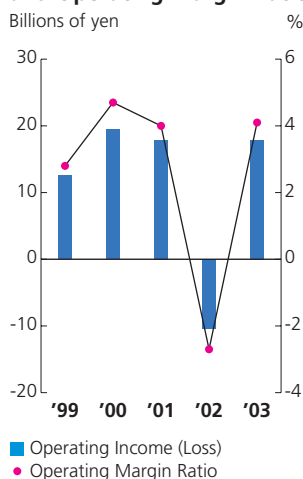
	Millions of yen	
	2003	2002
<b>Electronics:</b>		
Consumer .....	<b>¥142,486</b>	¥126,049
Timepieces .....	<b>68,500</b>	62,536
Mobile Network Solutions (MNS).....	<b>87,819</b>	52,216
System Equipment.....	<b>51,340</b>	58,202
Subtotal .....	<b>350,145</b>	299,003
<b>Electronic Components and Others: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

### Operating Income (Loss) and Operating Margin Ratio



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.

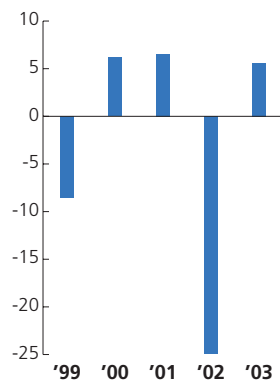
Net financial expenses increased slightly from ¥2,060 million to ¥2,211 million. Other expenses dropped from ¥22,346 million in fiscal 2002 to ¥6,089 million in fiscal 2003. Chief factors for other expenses were the elimination of ¥8,486 million in restructuring charges and the broad reduction in disposal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

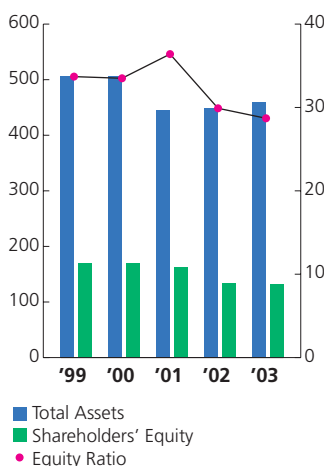
### Net Income (Loss)

Billions of yen



### Total Assets and Shareholders' Equity

Billions of yen



## 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%.

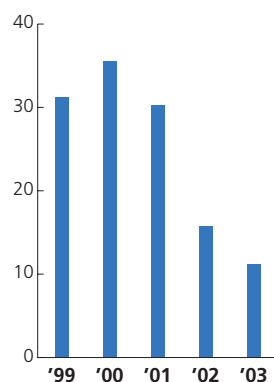
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## CASH FLOW ANALYSIS

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.