

# CASIO

## Annual Report 2016

For the year ended March 31, 2016

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## To Our Stakeholders

# Message from the Chairman and the President



Kazuo Kashio  
Chairman and  
Chief Executive Officer

## Business Report for Fiscal 2016

In fiscal 2016, Casio delivered three consecutive quarters of growing sales and income, driven by steps taken to strengthen each of its businesses.

Profit attributable to owners of parent reached ¥31.1 billion, up 18.2% year-on-year, while basic earnings per share hit ¥119.72, up 19.6% year-on-year, both setting record highs for the second straight fiscal year.

In the timepiece business, which is our biggest core business, sales grew and profitability was up. We achieved this by exploiting high-end retail channels with our high value-added G-SHOCK and OCEANUS watches, including GPS hybrid radio-controlled solar-powered models, and by generating strong sales of models in our EDIFICE line that connect to a smartphone via Bluetooth®. In our education products business, we secured profitability by increasing sales of scientific calculators in markets outside of Japan. In the digital camera business, we earned stable profits by maintaining high unit prices leveraging high-end models with original features. In the projector business, we achieved sales growth and increased profitability by expanding our lineup of projectors featuring our original semiconductor light source.

## Key Strategies for Fiscal 2017

In the timepiece business, we will expand sales worldwide by continuing to market high added-value metal analog watches, under our “Global Time Sync” concept of keeping accurate time anywhere in the world. We will also introduce models with systems that keep accurate time by connecting to a smartphone, bringing this technology to our brands for women in order to further popularize models with this feature.

In the education products business, we will market full-featured English learning devices for adult users in the Japanese market, while outside of Japan we will expand our lineup of scientific calculators with country-specific features tailored to the language and education system of the target country. In addition, we will globally expand our framework for school sales in order to tap into undeveloped regions and develop new markets. In the electronic musical instruments business, we will endeavor to develop new markets by marketing instruments at high price points, especially our full-featured pianos and high-quality

## To Our Stakeholders

keyboards. Specifically, we will market instruments to specialty musical instrument stores and music schools, and we will expand sales of keyboards in North America and Europe.

In the digital camera business, we will maintain high unit prices and strong profitability by marketing original high-end products.

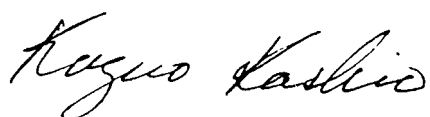
In terms of new business, we released the Smart Outdoor Watch in Japan and the US in March 2016, to a strong reception. The watch is a departure from conventional smartwatches, in that it has clearly defined applications and is designed especially for certain users. We will begin marketing this product in Europe in fiscal 2017. In addition, we will launch a new global website in September 2016 for businesspeople, featuring videos that communicate the experience and expertise Casio has gained over its 60 years in business.

## Message for Shareholders

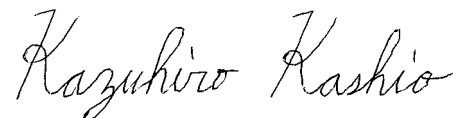
Casio is making steady strides in strengthening its business position, maintaining a policy of providing shareholder returns based on earnings. We will aim to further increase profitability and improve upon the already high 15.4% return on equity (ROE) which we posted in fiscal 2016, keeping it balanced with the equity ratio. Based on our strong earnings in fiscal 2016, we have increased the dividend by ¥5 per share over the previous fiscal year, to a record-high ¥40 per share.

In fiscal 2017, we will endeavor to further increase shareholder returns by continuing to grow profits. We will make every effort to execute our business so that it keeps meeting the expectations of our shareholders. Thank you for your continued support.

Kazuo Kashio  
Chairman and Chief Executive Officer



Kazuhiro Kashio  
President and Chief Operating Officer




Kazuhiro Kashio  
President and Chief Operating Officer

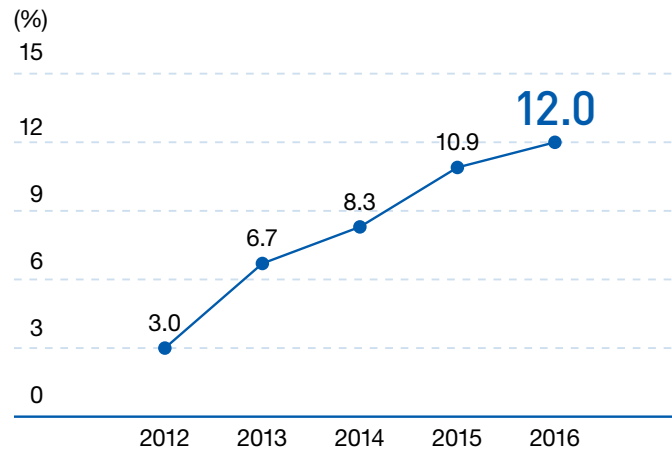
Casio's Strength

# High Profitability through Innovative Products

## Operating Profit Margin

(Performance in fiscal year ended March 31, 2016)

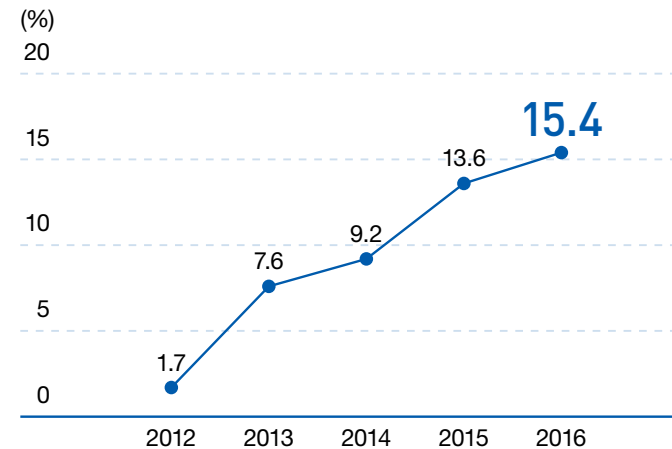
12.0%



## ROE

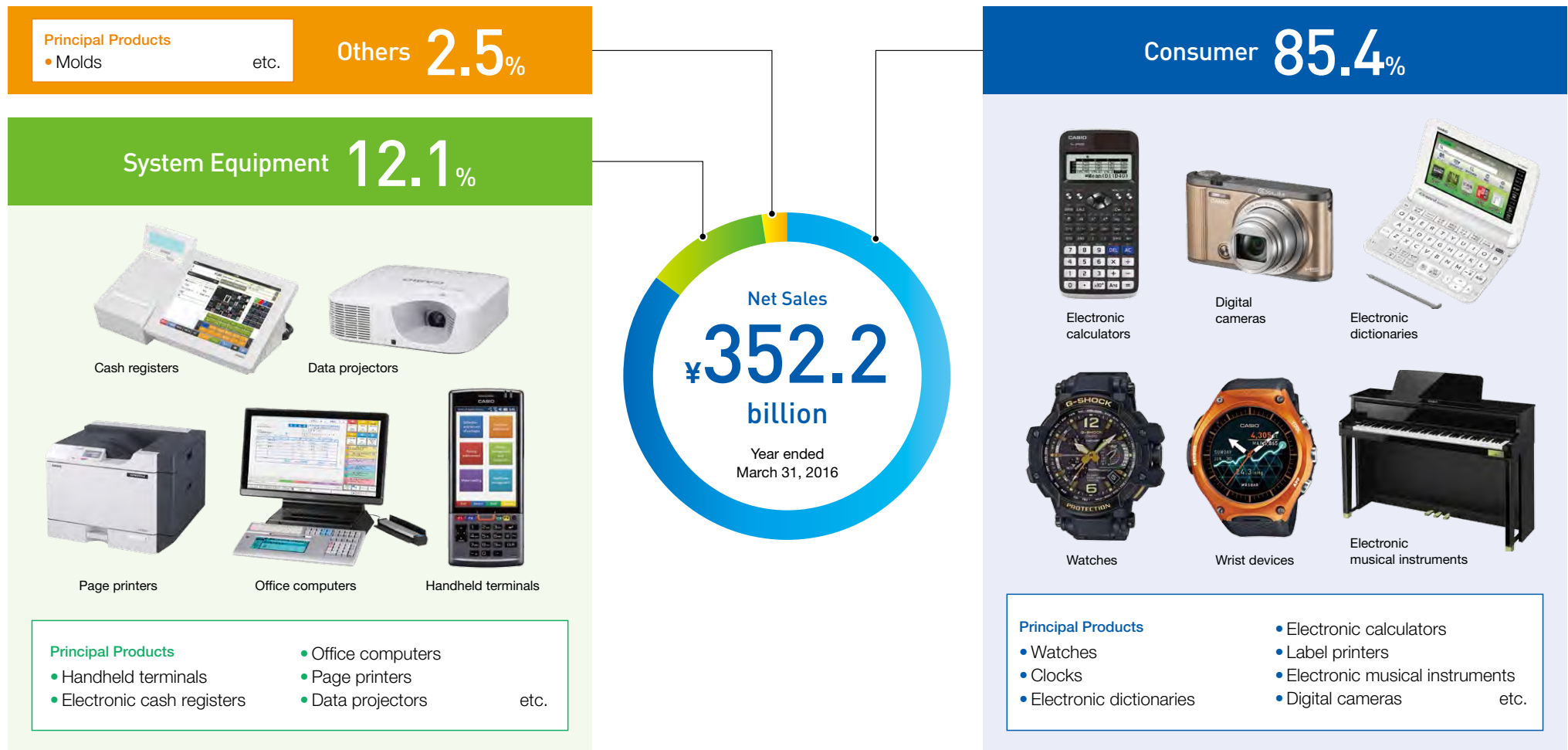
(Performance in fiscal year ended March 31, 2016)

15.4%



**Business Overview** (Year ended March 31, 2016)

# Percentage of Total Sales by Segments





## Special Feature I: Six Global Timepiece Brands

# Growing Our Six Brands



**G-SHOCK**

### Absolute Toughness

Built tough with a shock-resistant structure



**OCEANUS**

### Elegance and Technology

A stylish, polished and slim metal design



**BABY-G**

### Tough and Cool

A unique fusion of function with fashion



**PRO TREK**

### Feel the Field

Ideal for those with a rugged lifestyle



**EDIFICE**

### Speed and Intelligence

Advanced technology and dynamic design



**SHEEN**

### Elegant, Brilliant and Smart

Metal watches for stylish women

## Special Feature II: Timepieces

# Global Time Sync



Web

G-SHOCK



Web

OCEANUS



Web

EDIFICE



Web

SHEEN

## GPS HYBRID WAVE CEPTOR

Hybrid reception of GPS and radio wave signals

## SMARTPHONE LINK

Synchronize the correct time through a smartphone application

Promote introduction to upscale retailers  
Strengthen the promotions at major hub airports

### Special Feature III: Calculators

## Expand Scientific and Localized Calculators



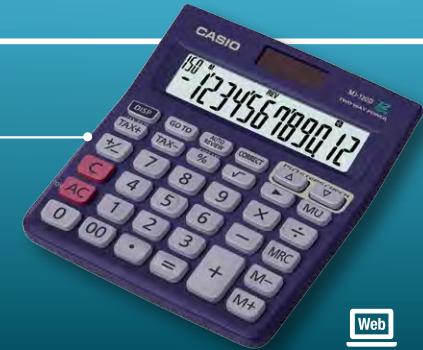
[Web](#)

### India



Display with Indian digit separation

Calculator with Indian Digit Separation



[Web](#)

### China



[Web](#)

Calculator That Speaks Chinese

Expand undeveloped regions, mainly in emerging countries

Expand localized products that meet the needs of the local markets



## Special Feature IV: Musical Instruments

### Pianos



Expand the CELVIANO Grand Hybrid series of pianos equipped with sound source developed in collaboration with C. Bechstein. Wider dissemination to serious piano learners.

### Keyboards



Expand high-unit-price keyboards that feature high-quality rich tones and rhythms.

## Special Feature V: New Business (Wrist Devices)

### Smart Outdoor Watch



The display is composed of two LCD layers: monochrome and color. Selecting the monochrome display can extend battery life for a month or longer.

Ideal for Outdoor Activities

for **Fishing**

for **Trekking**

for **Cycling**

The product is available in Japan, North America and Europe. The product has clearly defined applications and various useful applications come pre-installed.

## Special Feature VI: Projectors

# Projectors

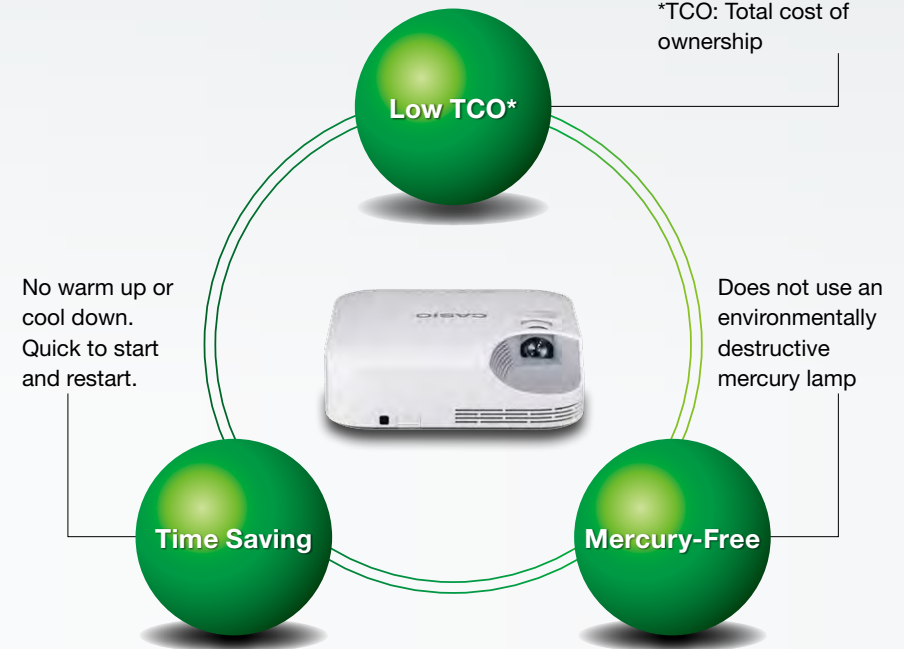


[Web](#)

- The light source has a lifespan of approximately 20,000 hours, eliminating the need for lamp replacement.
- Lamp-free products can start projecting an image in as little as five seconds.
- Electricity consumption is approximately half that of mercury lamps.
- Dust-resistant design

## 20,000 Hours Light Source Lifetime

Low cost to purchase, operate and maintain  
\*TCO: Total cost of ownership



## Laser & LED Hybrid

# Corporate Governance



Casio recognizes the importance of responding to the expectations of shareholders and other stakeholders, swift decision-making, appropriate and efficient business operations, and enhanced supervisory functions that improve the soundness and transparency of management in steadily achieving management goals and continuously increasing enterprise value. We are implementing various initiatives to improve corporate governance.

## The Corporate Governance System

### 1. System Design

Casio is a company with an Audit & Supervisory Board. The Board of Directors and the Audit & Supervisory Board supervise management. Casio is further strengthening corporate governance by enhancing its executive officer system and expanding the responsibilities of outside directors.

The Board of Directors delegates most of the authority for important business execution to enable prompt and efficient business execution. The Board of Directors makes resolutions as required by laws and the Articles of Incorporation, as well as decisions about important business execution matters, using its vested authority to ensure that it fulfills its supervisory functions. In addition, Casio has enhanced the management supervision function of the Board of Directors by establishing the Nomination Committee and the Compensation Committee, which include outside directors.

The Audit & Supervisory Board is independent of the Board of Directors, supervises the business execution of directors and, without loss of management speed and effectiveness, takes a corporate governance stance that sufficiently fulfills the supervisory function.

### 2. Board of Directors and Directors

The Board of Directors has the function of making management decisions and supervising business execution, and deliberating and deciding on important management issues specified by laws, the Articles of Incorporation and Board of Director regulations. In order to enhance the efficiency and flexibility of business execution, the Board of Directors has entrusted Executive Officers with the authority for items that do not meet the standards for discussion as prescribed by laws, the Articles of Incorporation and Board of Director regulations.

In order for the Board of Directors to effectively fulfill its management supervision function, we believe the Board of Directors must be composed of members with diverse perspectives, experiences and abilities. In addition to directors from within the

company who are thoroughly knowledgeable about the company's business, the Board of Directors has outside directors with broad discernment and extensive experience.

Consideration is also given to the balance among the members of the Board of Directors for experience and accomplishment in corporate management and specialization in the fields of technical development, sales and finance and other areas.

We plan on maintaining an appropriate number of members of the Board of Directors so that swift management decisions can be made.

Currently there are eleven members, two of whom are outside directors.

The term of directors is one year in order to clarify their management responsibility and make it possible to swiftly respond to changes in the management environment.

Internal candidates for director are selected by a Nomination

Committee after discerning that they are persons capable of fulfilling management responsibilities, have the disposition required of directors, and have superior achievements, capabilities and character.

We select several knowledgeable persons to be outside directors. These outside directors are invited so they can give opinions and advice to the Board of Directors from many angles regarding contributions to society in addition to bringing an outsider's viewpoint to management and enhancing transparency of management with the goal of further strengthening the supervisory function of business execution.

The two outside directors make comments and suggestions as they see fit to guarantee the appropriateness and soundness of Board of Director decisions.

### 3. Audit & Supervisory Board and Audit & Supervisory Board Members

The Audit & Supervisory Board follows policies and handles assignments set out by the Audit & Supervisory Board to ensure sound and transparent business management. In addition to attending meetings of the Board of Directors and other important meetings and committee sessions, Audit & Supervisory Board Members fulfill their responsibility to rigorously monitor the Company's management processes by speaking with directors and other managers, receiving reports from them, and reading the minutes of meetings at which decisions on important matters

were made and related reference material. Audit & Supervisory Board Members coordinate with outside directors as needed to obtain information and exchange opinions, and are assigned expert assistants who support their audit activities.

More than half of the members of the Audit & Supervisory Board are outside auditors. The Audit & Supervisory Board includes members with knowledge of finance and accounting in order to strengthen its audit function.

The current Audit & Supervisory Board is composed of three Audit & Supervisory Board Members, two of whom are outside auditors.

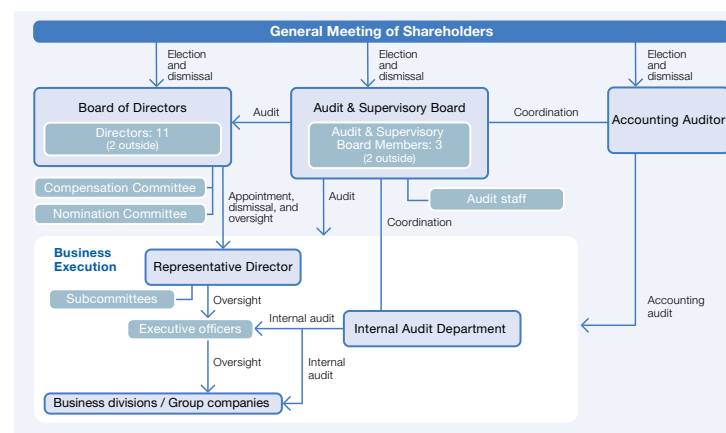
### 4. Accounting Auditor and Internal Audit

Independent auditing corporations conduct external audits in accordance with auditing standards generally accepted in Japan to determine fairness and appropriateness. The Internal Audit Department monitors the organizational management of the Company to check that it is appropriate and conforms to laws and regulations as well as internal standards.

### 5. CSR Management

In addition, the CSR Committee deliberates on basic policies and major issues in CSR activities across the Group. This committee is chaired by the officer in charge of CSR at Casio Computer Co., Ltd. and includes the officers in charge of staff function departments, Audit & Supervisory Board Members and managers of staff function departments.

Corporate Governance Framework



Director Remuneration

Total remuneration by director of submitting company, breakdown of remuneration and number of directors paid

Position	Total remuneration (Millions of yen)	Breakdown of remuneration (Millions of yen)				Number of directors paid
		Basic remuneration	Stock options	Bonus	Retirement benefits	
Directors (excluding outside directors)	337	224	—	112	—	10
Auditors (excluding outside auditors)	13	13	—	—	—	1
Outside officers	36	36	—	—	—	5

Notes: 1. The amount of remuneration paid to directors does not include the employee salaries of directors who also hold an employee post.  
2. Remuneration paid to directors in the amount of no more than ¥700 million was approved at the 53rd Regular General Meeting of Shareholders held on June 26, 2009 (however, the employee salary and provision for directors' retirement benefits reserve transfers are not included).  
3. Remuneration paid to auditors in the amount of no more than ¥70 million was approved at the 51st Regular General Meeting of Shareholders held on June 28, 2007 (however, the provision for directors' retirement benefits reserve transfers is not included).

Total remuneration by director of submitting company

Name	Total consolidated remuneration (Millions of yen)	Position	Company	Breakdown of remuneration (Millions of yen)			
				Basic remuneration	Stock options	Bonus	Retirement benefits
Kazuo Kashio	147	Director	Submitting company	97	—	50	—

Note: "Total consolidated remuneration" is restricted to persons with consolidated remuneration of ¥100 million or more.



## Corporate Governance



### Basic Internal Control System Policies

The Casio Group has established the Charter of Creativity for Casio, Casio Common Commitment and Casio Code of Conduct based on the corporate creed of "Creativity and Contribution." The following systems have been implemented to ensure proper business operations.

#### 1. System to ensure that performance of duties by Group directors and employees comply with the Articles of Incorporation and relevant laws and regulations

- (1) Based on laws, the Articles of Incorporation and Board of Director regulations, the Board of Directors makes important decisions on legal matters and items regarding the management of the Company and Group companies, and supervises the business execution of directors in order to prevent acts in violation of laws and the Articles of Incorporation.
- (2) Specific documents on policies and rules have been prepared to support compliance with relevant laws and regulations regarding the performance of duties. After deliberation and consideration by the CSR Committee and other committees, awareness of the rules is promoted throughout Group companies.
- (3) The Whistleblower Hotline has been established inside and outside the Company and operates as the point of contact for inquiries and reporting on problems related to infringements of legal compliance and other compliance matters. The Group ensures that whistleblowers are not penalized.
- (4) The Group has absolutely no contact with organized criminal elements, which pose a threat to social order and public safety, and the entire organization is resolved to refuse any improper demands.
- (5) The validity and operational adequacy of the above-mentioned rules are improved through internal audits and continual review, in order to prevent any misconduct.

#### 2. System for saving and managing information relating to performance of duties by Group directors and employees

- (1) Based on the Document Management Rules and other rules, each department saves and manages information relating to the performance of duties by the directors and employees concerned.

#### 3. System of rules and other methods to manage the risk of Group losses

- (1) The Group has a system to manage risks that can have a significant impact on management. The system is promoted in a unified way by the relevant departments and the Secretariat under the CSR Committee, based on the Risk Management Rules.
- (2) Fundamental Policies on Product Safety and an implementation system have been established with the understanding that maintaining customer confidence in product safety is an important management issue.

#### 4. System to ensure the efficient performance of duties by directors and employees of the Company and Group companies.

- (1) Attended by the Company's directors and Audit & Supervisory Board Members, meetings of the Board of Directors are held to discuss and decide important management issues facing the Group, at least once a month in principle, and make prompt and reasonable decisions.
- (2) The Company's executive officers, directors, and Audit & Supervisory Board Members attend meetings of the Board of Executive Officers to discuss and decide important business execution matters. They ensure Group-wide coordination and smooth implementation of measures.
- (3) Detailed execution procedures are outlined in the Executive Decision Making Authority Rules and the Group Company Decision Making Authority Rules.
- (4) Group companies have created a system for performance of duties based on consolidated management plans, the Group Company Decision Making Authority Rules, and various basic Group policies.

#### 5. System to ensure proper Group operations

- (1) To ensure proper operations, the Group has various rules based on the Charter of Creativity for Casio, Casio Common Commitment, and Casio Code of Conduct.
- (2) The Company has a system for assigning directors or executive officers responsibility for specific Group companies. The relevant directors and executive officers perform Group company management through a system that requires reporting to and approval by the Company, in accordance with the Group Company Decision Making Authority Rules. They also perform monitoring as necessary.

- (3) The Group has built a system to ensure the adequacy and reliability of financial reporting. The Group makes improvements after inspecting internal controls related to business flow and financial reporting, documentation, evaluation is carried out.

#### 6. System for employees that assist the Company's Audit & Supervisory Board Members in the performance of their duties, and the independence of those employees from the directors

- (1) Employees are appointed to assist the Audit & Supervisory Board Members in their duties.
- (2) Matters concerning the appointment, transfer, evaluation or discipline of employees who assist the Audit & Supervisory Board Members require the prior consent of the Audit & Supervisory Board.

#### 7. System for Group directors and employees to report to the Company's Audit & Supervisory Board Members, other systems for reporting to the Company's Audit & Supervisory Board Members, and systems to ensure that audits by the Audit & Supervisory Board Members are performed effectively

- (1) If something is discovered that is likely to cause significant damage to the Group, if a violation of a law or the Articles of Incorporation occurs, or if business is executed illegally, the Company's directors and employees must immediately report it to the Audit & Supervisory Board Members.
- (2) If something is discovered that is likely to cause significant damage to the Group, if a violation of a law or the Articles of Incorporation occurs, or if business is executed illegally, the directors, auditors and employees of a Group company must immediately report it to the Company's officer with responsibility at the Group company, and the officer with responsibility must immediately report it to the Company's Audit & Supervisory Board Members.
- (3) If a Group company's directors, auditors and employees determine that a management action or guidance from the Company may violate the law or create a compliance issue, they must report it to the Company's Audit & Supervisory Board Members.
- (4) The Group's directors and employees provide the required reports and information in response to requests from the Company's Audit & Supervisory Board Members.

- (5) The Company's Internal Audit Department periodically reports the results of Group audits to the Company's Audit & Supervisory Board Members.
- (6) The Whistleblower Hotline Secretariat reports the status of whistleblower reports and measures taken to the Company's Audit & Supervisory Board Members.
- (7) The Group ensures that people who have made a report to the Company's Audit & Supervisory Board Members are not penalized.
- (8) The Company promptly processes any requests it receives for the prepayment or refund of expenses arising from the performance of duties by the Company's Audit & Supervisory Board Members.
- (9) The Company's Audit & Supervisory Board Members can attend any important internal meeting of the Company.
- (10) Important Group approval documents are reported to the Company's Audit & Supervisory Board Members after approval.

## Corporate Governance



## Compliance and Risk Management

Casio's effort to achieve total compliance management is based on the Casio Group Code of Conduct, a risk management system and whistleblower hotlines.

## Casio Group Code of Conduct

Casio established the Casio Group Code of Conduct to make explicit its expectations that all executives and employees follow international norms, laws and ordinances applicable in each country and region, as well as all company rules, and also act with high ethical standards and good sense in their day-to-day work.

We periodically carry out education with the purpose of furthering the permeation and understanding of the Code. Also, we will carry out questionnaires about compliance and make improvements.

## Whistleblower Hotline

As a way to help ensure compliance, Casio set up a Whistleblower Hotline. The hotline has been functioning with neutrality and fairness across all of its internal and external contact points. We are communicating with the Audit & Supervisory Board Members on the status of action on reports received.

## Risk Management

In line with our Basic Risk Management Policy, we have created a system to effectively and efficiently manage risk. In this system, with the Chairman of the CSR Committee as the Chief Risk Management Officer and, by discussing the probability of

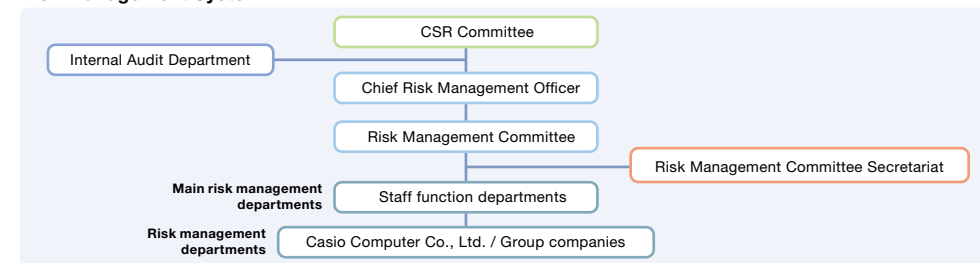
risks and the potential impact on operations of risks identified by the main risk management departments, the CSR Committee Secretariat decides the priority of initiatives and, upon registering risk management themes, decides on promotion.

The members of the CSR Committee from main risk management departments develop programs during the planning stage for the designated risk management themes. They plan and execute countermeasures to avoid and mitigate risk, implement measures for risks that might occur, and provide information to ensure risk awareness.

In addition, the CSR Committee Secretariat implements its management system using a PDCA cycle. It deliberates and discusses, promotes action, manages and evaluates progress, and conducts monitoring.

The Internal Audit Department audits the CSR Committee's risk management to confirm that it is operating properly.

## Risk Management System



## Directors and Audit &amp; Supervisory Board Members

(As of June 29, 2016)

<b>Chairman and CEO</b>	<b>Kazuo Kashio</b>	April 1950	Joined Kashio Seisakujo
		December 1988	Representative Director and President of the Company
<b>President and COO</b>	<b>Kazuhiro Kashio</b>	June 2015	Chairman and CEO of the Company (to the present)
		April 1991	Joined the Company
<b>Executive Vice President</b>	<b>Hiroshi Nakamura</b>	May 2014	Senior Executive Managing Officer, Member of the Board, Senior General Manager of Business Headquarters of Consumer Product and System Solution of the Company
		June 2015	President and COO of the Company (to the present)
<b>Senior Executive Managing Officers, Members of the Board</b>	<b>Akinori Takagi</b>	April 2000	Joined the Company President of Casio Computer Co., GmbH Deutschland
		January 2016	Executive Vice President of the Company (to the present)
<b>Senior Executive Managing Officers, Members of the Board</b>	<b>Yuichi Masuda</b>	April 1999	Advisor of the Company
		May 2014	Senior Executive Managing Officer, Member of the Board, in charge of Finance and IR of the Company (to the present)
<b>Senior Executive Managing Officers, Members of the Board</b>	<b>Shigenori Itoh</b>	April 1978	Joined the Company
		May 2014	Senior Executive Managing Officer, Member of the Board, Senior General Manager of Timepiece Product Division of the Company (to the present)
<b>Executive Officers, Members of the Board</b>	<b>Toshiyuki Yamagishi</b>	April 1983	Joined the Company
		January 2016	Senior Executive Managing Officer, Senior General Manager of Global Marketing Headquarters of the Company (to the present)
<b>Executive Officers, Members of the Board</b>	<b>Shin Takano</b>	April 1985	Joined the Company
		June 2013	Executive Officer, Member of the Board, Senior General Manager of Corporate Management Division of the Company (to the present)
<b>Executive Officers, Members of the Board</b>	<b>Harumi Saito</b>	April 1984	Joined the Company
		June 2015	Executive Officer, Member of the Board, Senior General Manager of Finance Division of the Company (to the present)
<b>Executive Officers, Members of the Board</b>	<b>Harumi Saito</b>	April 1980	Joined the Company
		June 2016	Executive Officer, Member of the Board Senior General Manager of General Affairs & Personnel Department
<b>Directors, Members of the Board</b>	<b>Hirokazu Ishikawa</b>	(Outside)	
	<b>Makoto Kotani</b>	(Outside)	
<b>Audit &amp; Supervisory Board Member</b>	<b>Tadashi Takasu</b>		
<b>Outside Audit &amp; Supervisory Board Members</b>	<b>Hironori Daitoku</b>	(Outside)	
	<b>Kazuhiko Tozawa</b>	(Outside)	
<b>Senior Executive Officers</b>	<b>Nobuyuki Mochinaga</b>		General Manager of Research and Development Center
	<b>Tetsuo Kashio</b>		General Manager of CS Department
<b>Senior Executive Officers</b>	<b>Takashi Kashio</b>		General Manager of Legal and Intellectual Property Department and Corporate Communication Department
	<b>Jin Nakayama</b>		General Manager of QV Business Department
<b>Executive Officers</b>	<b>Makoto Kobayashi</b>		General Manager of CSR Promotion Department
	<b>Atsushi Yazawa</b>		Senior General Manager of Productin & Purchasing Unit
<b>Executive Officers</b>	<b>Koji Moriya</b>		Senior General Manager of System Product Division
	<b>Masayuki Uehara</b>		Senior General Manager of Domestic Sales and Marketing Division of Global Marketing Headquarters
<b>Executive Officers</b>	<b>Nobuyuki Inada</b>		General Manager of General Affairs Department of General Affairs & Personnel Division
	<b>Toshiyuki Iguchi</b>		Senior General Manager of Digital Signage Division
<b>Executive Officers</b>	<b>Hideaki Terada</b>		Digital Art Division
	<b>Shinji Ota</b>		Senior General Manager of Consumer & Educational Solution Product Division
<b>Executive Officers</b>	<b>Hitoshi Ando</b>		Senior General Manager of EMI Product Division
	<b>Kazuyuki Yamashita</b>		Senior General Manager of Overseas Sales Division of Global Marketing Headquarters

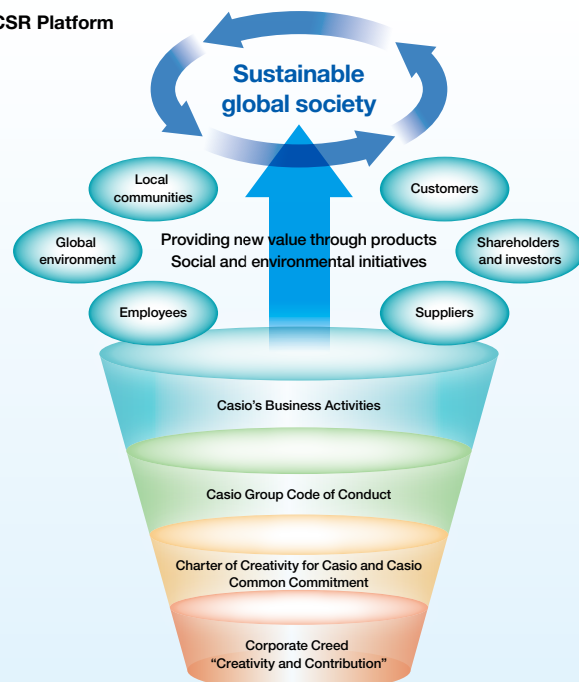
## Corporate Social Responsibility (CSR) Activities

### Casio's Corporate Creed and Approach to CSR [Web](#)

Making life richer and more convenient by creating innovative products—this was the aspiration of Casio's founders, and it is summed up in the corporate creed, "Creativity and Contribution." Casio believes that part of its social responsibility is to pass down this

corporate creed to all of its employees without fail. Casio is determined to ensure that its businesses, which create something from nothing, continue to make a consistent contribution to a more sustainable global society

Casio's CSR Platform



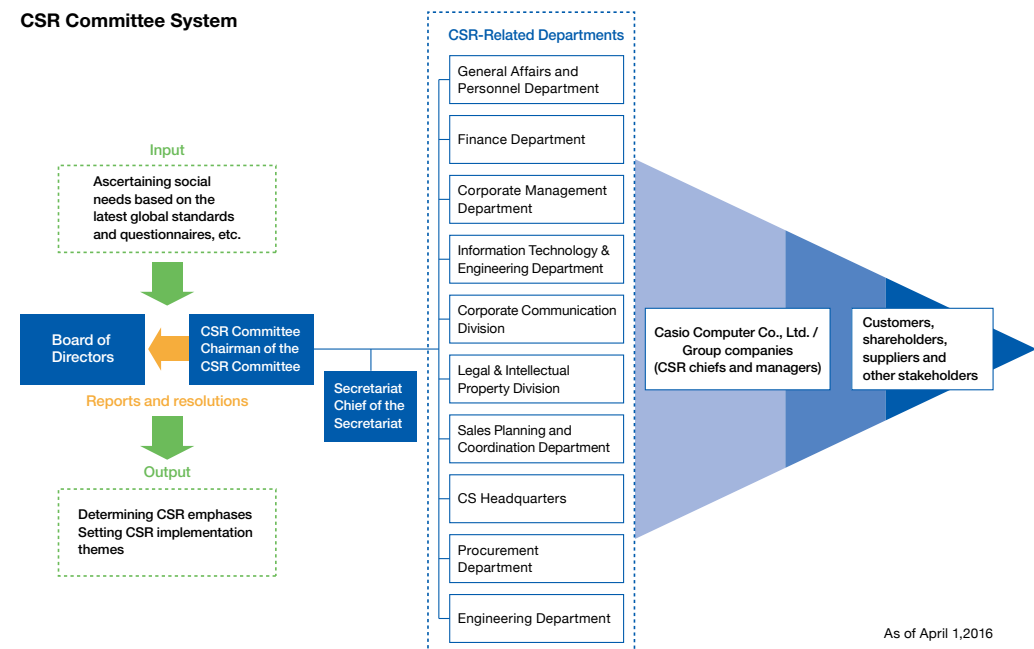
### CSR Implementation System [Web](#)

Guided by the ISO 26000 international guidance standard on social responsibility, Casio is responding to today's rapidly changing world by identifying the issues that it must address to meet the expectations of society and implementing management cycles designed to resolve these issues.

#### CSR Committee

Casio has established a CSR Committee headed by the director responsible for CSR under the Board of Directors. This committee is the central body for the implementation of CSR activities. The CSR Committee is composed of CSR chiefs and managers from staff-related departments at Casio Computer Co., Ltd., and all Casio Group companies worldwide, and is administrated by a Secretariat.

CSR Committee System



## Corporate Social Responsibility (CSR) Activities

### Building Workplaces for a Diverse Workforce [Web](#)

Some progress has been attained through various activities led by the Working Group for Female Employee Advancement as the first step in promoting diversity. Casio has now launched a Diversity Project that, starting in fiscal 2014, is focusing on enabling all employees—including seniors, persons with disabilities, and non-Japanese employees, not just women—to perform at their full potential and reach even greater heights.

#### Launch of the Diversity Project

Casio has launched a Diversity Project with the goal of creating conditions where all employees can work enthusiastically and have job satisfaction, regardless of gender, nationality, age, or level of ability. Working groups on women, seniors, persons with disabilities, and non-Japanese employees promote positive action.

#### Supporting the Advancement of Female Employees

Casio actively and continuously carries out a variety of measures with the aim of supporting

all female employees so that they can fully demonstrate their abilities. Casio actively promotes ambitious and talented employees, and the number of women in senior staff positions increased from four in fiscal 2011 to 24 in fiscal 2016.

In order to further promote women's activity, we have established the target of doubling the percentage of management that is female by 2020. As we head toward attaining this target, we plan to enact policies regarding female management candidates that instill the desire to move up and aggressively promote policies that support the building of careers for young women.

Because the percentage of new female college graduate engineers is somewhat low, we have set hiring targets for new female graduates to be implemented every year from fiscal 2018: 20% or more for engineers, 50% or more for sales, and 30% or more overall. Also, we plan to expand the number of female applicants by proactively carrying out PR targeting technically oriented women.

#### Female Employees in Senior Staff Positions (Casio Computer Co., Ltd.)

(FY)	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Number of female employees in senior staff positions (number of managers)	4 (3)	13 (5)	16 (8)	20 (10)	20 (9)	24 (10)
Percentage of female employees in senior staff positions (percentage of managers)	0.4% (0.9%)	1.3% (1.5%)	1.7% (2.1%)	2.0% (2.0%)	2.1% (1.9%)	2.6% (2.1%)

- Casio regards senior staff as professional staff and classifies them as: managers, or professionals who control an organization; and specialists that belong to an organization.
- A manager means a person at the department manager level or higher.

### Responsibilities to Society [Web](#)

Striving to be a model corporate citizen, Casio makes the most of its unique know-how and management resources to fulfill its various social responsibilities.

#### Approach to Social Contribution

We earnestly engage in a variety of social contribution initiatives to help create a sound, vibrant society. We take good corporate citizenship seriously, and communicate with various stakeholders to identify the most beneficial initiatives. The five priority themes of our social contribution initiatives are outlined in the figure on the right. Leveraging our unique expertise and resources and the wide range of



knowledge and experience possessed by our employees, we fulfill our social responsibilities in our own unique way.

### Supporting Academic Achievement through the Use of Casio Products [Web](#)

Casio is a leading developer of scientific calculators for use in math classes. Product development is informed by in-depth communication with math teachers who are presenting their latest theories and research to international societies. By holding Global Teachers Meetings to solicit the opinions of educators from various countries, Casio is creating products that meet the needs of teachers, while supporting academic achievement for students. Casio is helping to foster the next generation, the leaders of tomorrow, through educational support based on these kinds of business activities.





## Corporate Social Responsibility (CSR) Activities

## Environment

**We have revised our environmental vision and environmental declaration to help achieve our goal of being a leading environmental company.**

The Casio Group clarified the Casio Environmental Vision and Casio's Environmental Declaration in April 2012 to respond to changes in the society to which we belong and further evolve our environmental management. Casio Environmental Vision 2050 sets out the Group's long-term environmental management policy through 2050, while Casio's Environmental Declaration 2020 is our mediumterm action plan through 2020. We are developing both globally to help achieve our goal of being a leading environmental company.

**Casio Environmental Vision 2050**

Through 2050, the Casio Group will independently investigate and implement measures to help ensure the sustainable use of and harmonious coexistence with the earth's natural assets of energy, resources, and living things. Our goal is to become a leading environmental company that creates new value and lifestyles in the form of markets and culture that have never existed before and thereby contribute to the richness of people's lives and to a healthy and sustainable global environment.

**A Leading Environmental Company****Casio, creating something from nothing**

We will create products and services and conduct environmental activities that are all based on new ideas and advanced technologies to help realize:

- a low-carbon society,
- a resource recycling society, and
- a way of living in harmony with nature.

**Casio's Environmental Declaration 2020**

- **Realizing a Low-Carbon Society**  
The Casio Group provides products and services that further contribute to reducing and absorbing CO<sub>2</sub>. In addition to expanding our lineup of products and services that use energy sources that are easy on people and the planet, such as solar, wind, and water-powered energy, we are also utilizing these renewable energy sources in our business activities.
- **Realizing a Resource Recycling Society**  
The Casio Group's goal is to efficiently use, replace, and reuse the earth's precious resources, such as various materials and water. Therefore, we have been further improving resource productivity.
- **Realizing a Way of Living in Harmony with Nature**  
The Casio Group conducts activities to help cultivate a mindset that treasures the earth and protects biodiversity. We are working to harmonize our business activities with the earth's natural cycle.

**Green Star Products****Green Star Product Concept**

In order to minimize the environmental impact of its products, Casio is promoting the development of environmentally friendly products in every aspect of planning and design. In 1993, Casio began product assessment in order to systematize and promote its development of eco products. New products had to undergo a preliminary assessment for their environmental impact and meet certain criteria in order to be certified as Casio Green Products. Prior to fiscal 2008, Casio worked towards an initial Green Product sales target of 80% of total sales, and in that year the company achieved 84%. The company continues to promote a target of 80%.



XJ-V2

**Environmental Features**

- We do not use a mercury light source
- Weight reduced by 28% (compared to Casio's XJ-M141)



## Management's Discussion and Analysis

### Net Sales

Consolidated net sales for the year ended March 31, 2016 increased 4.1% compared with the previous fiscal year to ¥352,258 million.

	(Millions of Yen)	
	2016	2015
Consumer.....	¥300,956	¥287,113
System Equipment.....	42,669	40,848
Others.....	8,633	10,428
Total.....	¥352,258	¥338,389

### Sales by Segment

Consumer segment sales increased 4.8% compared with the previous fiscal year to ¥300,956 million, and accounted for 85.4% of net sales. In the timepiece business, sales of the high-end G-SHOCK and OCEANUS lines, including the GPS hybrid radio-controlled solar-powered watches, remained strong in Japan and overseas due to their introduction into upmarket distribution, driving growth in overall sales. In addition, sales of the EDIFICE model that connects to a smartphone via Bluetooth® remained robust. Sales of projectors also rose, due to an expanded lineup of products with our original semiconductor lamps.

System Equipment segment sales increased 4.5% compared with the previous fiscal year to ¥42,669 million. Others segment sales decreased 17.2% compared with the previous fiscal year to ¥8,633 million.

### Results of Operations

Operating income increased 14.7% compared with the previous fiscal year to ¥42,169 million. Consumer segment income increased to ¥48,981 million due to the improved product mix in the timepiece business. The calculator business secured profitability with an expansion in overseas sales of scientific calculators. Digital cameras earned stable profits driven by the steady added-value pricing of the TR series. System Equipment segment loss was ¥1,825 million. Others segment loss was ¥114 million.

Net income increased 18.2% compared with the previous fiscal year to ¥31,194 million. Net income per share increased 19.6% to ¥119.72, setting a record high for the second consecutive fiscal year.

### Financial Condition

Total assets as of March 31, 2016 decreased ¥6,202 million from a year earlier to ¥368,454 million, largely because securities decreased. Net assets as of March 31, 2016 decreased ¥2,047 million from a year earlier to ¥202,111 million due to purchase of treasury shares.

Total liabilities as of March 31, 2016 decreased 2.4% from a year earlier to ¥166,343 million. Current liabilities decreased ¥2,738 million to ¥79,568 million. Non-current liabilities decreased ¥1,417 million to ¥86,775 million. As a result, the equity ratio increased 0.4 percentage points compared with the end of the previous fiscal year to 54.9%.

### Cash Flow Analysis

Net cash provided by operating activities increased ¥1,955 million year on year to ¥32,710 million. Net cash provided by investing activities amounted to ¥8,159 million, which was a ¥18,827 million increase year on year. Net cash used in financing activities amounted to ¥21,673 million, which was an ¥8,956 million decrease year on year.

As a result, cash and cash equivalents as of March 31, 2016 increased ¥17,320 million from a year earlier to ¥128,057 million. The Casio Group therefore has ample liquidity.

### Capital Investment

Capital investment was ¥6,889 million. By segment, capital investment was ¥5,444 million centered on watches and other items in the Consumer segment, ¥1,103 million in the System Equipment segment, and ¥234 million in the Others segment.

### Research & Development

R&D expenses were ¥6,609 million. By segment, R&D expenses were ¥3,436 million centered on watches and other items in the Consumer segment, ¥486 million in the System Equipment segment, and ¥6 million in the Others segment.

## Business Risks

The management performance, financial position and share price of Casio Computer Co., Ltd. and its consolidated subsidiaries ("the Casio Group" or "the Group") are subject to the following risks. Statements below concerning the future represent the judgment of the Casio Group as of March 31, 2015.

### (1) Japan's economy and the global economy

The Group's products are sold in Japan and in markets around the world, and demand is therefore subject to the economic trends of each country. Trends in consumer spending particularly affect the Group because we market the majority of our products to consumers.

### (2) Price changes

Competition is intensifying in the Group's industries because many companies are aggressively trying to increase market share in Japan and overseas. A rapid decline in product prices could negatively affect the Group's results.

### (3) New products

The Group could lose all or some of the advantage of being first or among the first to market if the Group is unable to quickly and consistently launch popular new products, or if competitors launch products that are similar to those of the Group, especially if such launches are concurrent with those of the Group.

### (4) Transactions with major customers

Any changes in strategy or product specifications made by major customers, and any cancellation of orders or changes in their schedule could negatively affect the Group's results.

### (5) Outsourcing

The Group outsources a substantial portion of its manufacturing and assembly work to outside service suppliers to improve the Group's production efficiency and the operating income margin, which could pose problems for consistent quality control. Moreover, problems among outside suppliers including violations of laws, regulations, and intellectual property rights of third parties could negatively affect the Group's results and the reputation of its products.

### (6) Technology development and change

Rapidly changing technologies and market needs in the Group's businesses could unexpectedly hasten product obsolescence and cause a sharp drop in sales.

### (7) Risks associated with international expansion and overseas operations

The majority of the Group's production and sales are outside Japan. Consequently, overseas political and economic developments and revisions of laws and legislation may significantly affect the Group's financial position. In particular, regulatory changes and the enactment of new laws are difficult to predict and could negatively affect the Group's results.

## Business Risks

### (8) Intellectual property

The Group principally uses proprietary technologies, and protects these proprietary technologies through a combination of patents, registered trademarks and other intellectual property.

The following is a list of associated risks:

- Competitors might develop the same technologies as the Group's proprietary technologies;
- The Group's patent applications might not be approved;
- The Group's measures to prevent the misuse or violation of its intellectual property rights might be ineffective;
- Intellectual property laws and regulations might not adequately protect the Group's intellectual property;
- The Group's future products and technologies might violate another company's intellectual property rights.

### (9) Defective products and lawsuits

The Group rigorously controls the quality of the products it manufactures and markets, and has not experienced significant complaints or negative publicity since its founding. However, the Group could be exposed to product liability or safety complaints in the future.

### (10) Information management risk

The Group has acquired a large volume of personal and confidential information in the course of its business. Internal rules govern the use of this information, and each Group company enhances the control of this information through employee training programs. However, information leaks might occur that could negatively affect the Group's business, financial position and results.

### (11) Alliances, mergers and strategic investments

The Group may implement alliances, mergers or strategic investments in Japan or overseas to expand its business operations or raise management efficiency. Changes in the management environment, business strategies, or operating environment of counterparties could negatively affect the Group's business, financial position and results.

### (12) Foreign exchange and interest rate risk

Exchange rate fluctuations significantly affect the Group because it operates internationally. Fluctuations in the exchange rates of foreign currencies against the yen could negatively affect the Group's earnings. The Group is also exposed to risks associated with interest rate changes that could affect overall operating costs, procurement costs, and the value of financial assets and liabilities, particularly long-term debt.

### (13) Other risks

The following are other factors that could affect the Group's business and results:

- Cyclical trends in the information technology industry;
- The ability to procure required equipment, raw materials, facilities, and electricity at reasonable prices;
- A decline in the value of securities held by the Group;
- Revisions to laws and regulations regarding the accounting standards for retirement benefits, pension plan revisions, and abrupt changes affecting pension plan asset management;
- Accidents and disasters, including fires and earthquakes;
- Social unrest caused by wars, terrorist attacks, or epidemics.



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## Consolidated Five-Year Summary

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

	Millions of Yen				
	2016	2015	2014	2013	2012
<b>For the year:</b>					
Net sales .....	¥352,258	¥338,389	¥321,761	¥297,763	¥301,660
Cost of sales .....	199,251	190,706	189,358	181,479	195,622
Selling, general and administrative expenses .....	104,229	103,733	97,475	88,313	89,559
Research and development expenses .....	6,609	7,187	8,352	7,918	7,414
Operating income .....	42,169	36,763	26,576	20,053	9,065
Profit attributable to owners of parent* .....	31,194	26,400	15,989	11,876	2,556
Comprehensive income .....	18,703	38,628	24,072	19,544	594
Capital investment .....	6,889	5,926	5,574	7,637	6,678
Depreciation on property, plant and equipment .....	6,505	5,794	5,717	5,325	6,060
<b>At year-end:</b>					
Current assets .....	250,237	244,614	244,135	249,719	244,022
Current liabilities .....	79,568	82,306	122,110	115,302	91,585
Working capital .....	170,669	162,308	122,025	134,417	152,437
Net assets .....	202,111	204,158	185,256	163,968	149,254
Total assets .....	368,454	374,656	366,964	369,322	366,212
<b>Amounts per share of common shares (in yen):</b>					
Basic earnings .....	119.72	100.08	59.47	44.17	9.51
Diluted earnings .....	117.50	98.77	59.45	44.15	8.68
Cash dividends applicable to the year .....	40.00	35.00	25.00	20.00	17.00
(Interim dividends) .....	(17.50)	(12.50)	(10.00)	(—)	(—)
<b>Performance indicators:</b>					
Return on equity (%) .....	15.4	13.6	9.2	7.6	1.7
Return on assets (%) .....	8.4	7.1	4.3	3.2	0.7
Equity ratio (%) .....	54.9	54.5	50.5	44.4	40.7
Interest coverage (times) .....	98.0	42.6	22.9	17.4	10.3
Assets turnover (times) .....	1.0	0.9	0.9	0.8	0.8
Inventory turnover (months) .....	3.5	3.5	3.0	3.6	2.8
<b>Other:</b>					
Number of employees .....	11,322	11,592	10,992	11,276	11,663

\*As a result of application of "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), etc. the Group changed the presentation of "Net income" to "Profit attributable to owners of parent" from this fiscal year.

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## Consolidated Balance Sheets

March 31, 2016 and 2015 Casio Computer Co., Ltd. and Consolidated Subsidiaries

Assets	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
<b>Current assets:</b>			
Cash and deposits (Notes 3 and 5) .....	¥ 66,648	¥ 82,806	\$ 589,805
Securities (Notes 3, 5 and 6) .....	55,600	32,144	492,036
Notes and accounts receivable:			
Trade (Note 5) .....	47,843	45,869	423,390
Allowance for doubtful accounts .....	(501)	(520)	(4,434)
Inventories (Note 4) .....	57,776	55,951	511,292
Deferred tax assets (Note 9) .....	6,732	7,621	59,575
Short-term loans receivable with resale agreement (Note 3) .....	6,154	11,760	54,460
Other .....	9,985	8,983	88,363
<b>Total current assets</b> .....	<b>250,237</b>	<b>244,614</b>	<b>2,214,487</b>
<b>Property, plant and equipment:</b>			
Land .....	36,091	36,492	319,389
Buildings and structures .....	60,097	62,637	531,832
Machinery, equipment and vehicles .....	14,057	13,926	124,398
Tools, furniture and fixtures .....	35,484	34,783	314,018
Leased assets .....	3,050	2,902	26,991
Construction in progress .....	256	272	2,266
	149,035	151,012	1,318,894
Accumulated depreciation .....	(88,153)	(88,711)	(780,115)
<b>Net property, plant and equipment</b> .....	<b>60,882</b>	<b>62,301</b>	<b>538,779</b>
<b>Investments and other assets:</b>			
Shares of associates .....	2,510	2,460	22,212
Investment securities (Notes 5 and 6) .....	31,897	39,680	282,274
Net defined benefit asset (Note 10) .....	9,113	14,138	80,646
Deferred tax assets (Note 9) .....	4,644	2,254	41,097
Other .....	9,242	9,283	81,788
Allowance for doubtful accounts .....	(71)	(74)	(628)
<b>Total investments and other assets</b> .....	<b>57,335</b>	<b>67,741</b>	<b>507,389</b>
<b>Total assets</b> .....	<b>¥368,454</b>	<b>¥374,656</b>	<b>\$3,260,655</b>

See accompanying notes.

Liabilities and Net Assets	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
<b>Current liabilities:</b>			
Short-term loans payable (Note 8) .....	¥ 260	¥ 250	\$ 2,301
Notes and accounts payable:			
Trade (Note 5) .....	34,542	35,135	305,681
Other (Note 5) .....	21,483	23,843	190,115
Accrued expenses .....	13,045	13,500	115,443
Income taxes payable (Notes 5 and 9) .....	4,334	3,208	38,354
Other .....	5,904	6,370	52,248
<b>Total current liabilities</b> .....	<b>79,568</b>	<b>82,306</b>	<b>704,142</b>
<b>Non-current liabilities:</b>			
Bonds and long-term loans payable (Notes 5 and 8) .....	77,033	77,043	681,708
Net defined benefit liability (Note 10) .....	1,338	1,219	11,841
Deferred tax liabilities (Note 9) .....	1,441	1,543	12,752
Other .....	6,963	8,387	61,619
<b>Total non-current liabilities</b> .....	<b>86,775</b>	<b>88,192</b>	<b>767,920</b>
<b>Contingent liabilities</b> (Note 14)			
<b>Net assets</b> (Note 11):			
<b>Shareholders' equity</b>			
Capital stock:			
Authorized — 471,693,000 shares			
Issued — 269,020,914 shares .....	48,592	48,592	430,018
Capital surplus .....	65,058	65,058	575,734
Retained earnings .....	100,041	79,301	885,318
Treasury shares .....	(20,291)	(9,995)	(179,566)
<b>Total shareholders' equity</b> .....	<b>193,400</b>	<b>182,956</b>	<b>1,711,504</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities .....	7,781	11,392	68,858
Foreign currency translation adjustment .....	(1,844)	2,622	(16,318)
Remeasurements of defined benefit plans (Note 10) .....	2,774	7,188	24,549
<b>Total accumulated other comprehensive income</b> .....	<b>8,711</b>	<b>21,202</b>	<b>77,089</b>
<b>Total net assets</b> .....	<b>202,111</b>	<b>204,158</b>	<b>1,788,593</b>
<b>Total liabilities and net assets</b> .....	<b>¥368,454</b>	<b>¥374,656</b>	<b>\$3,260,655</b>

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## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Years ended March 31, 2016 and 2015 Casio Computer Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
<b>Net sales</b> (Note 13)	<b>¥352,258</b>	¥338,389	<b>\$3,117,327</b>
<b>Costs and expenses</b> (Note 13):			
Cost of sales	199,251	190,706	1,763,283
Selling, general and administrative expenses	104,229	103,733	922,380
Research and development expenses	6,609	7,187	58,487
	<b>310,089</b>	301,626	<b>2,744,150</b>
<b>Operating income</b> (Note 13)	<b>42,169</b>	36,763	<b>373,177</b>
<b>Other income (expenses):</b>			
Interest and dividend income	1,145	1,101	10,133
Interest expenses	(442)	(888)	(3,912)
Loss on valuation of interest swaps	—	(282)	—
Foreign exchange gains (losses)	(1,681)	1,337	(14,876)
Loss on retirement of non-current assets	(488)	(1,411)	(4,319)
Gain on sales of investment securities (Note 6)	1,108	120	9,805
Impairment loss (Notes 13 and 15)	(1,047)	(2,322)	(9,265)
Other, net	(100)	(198)	(885)
	<b>(1,505)</b>	(2,543)	<b>(13,319)</b>
<b>Profit before income taxes</b>	<b>40,664</b>	34,220	<b>359,858</b>
<b>Income taxes</b> (Note 9):			
Current	6,940	5,347	61,416
Deferred	2,530	2,446	22,389
	<b>9,470</b>	7,793	<b>83,805</b>
<b>Profit</b>	<b>31,194</b>	26,427	<b>276,053</b>
Profit attributable to non-controlling interests	—	27	—
<b>Profit attributable to owners of parent</b>	<b>¥ 31,194</b>	¥ 26,400	<b>\$ 276,053</b>
			Yen
<b>Amounts per share of common shares:</b>			U.S. Dollars (Note 1)
Basic earnings	¥119.72	¥100.08	\$1.06
Diluted earnings	117.50	98.77	1.04
Cash dividends applicable to the year	40.00	35.00	0.35

See accompanying notes.

Consolidated Statements of Comprehensive Income	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
<b>Profit</b>	<b>¥ 31,194</b>	¥26,427	<b>\$ 276,053</b>
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities	(3,611)	5,057	(31,956)
Deferred gains or losses on hedges	—	49	—
Foreign currency translation adjustment	(4,466)	5,199	(39,522)
Remeasurements of defined benefit plans	(4,414)	1,896	(39,062)
Share of other comprehensive income of entities accounted for using equity method	0	(0)	0
Total other comprehensive income	<b>(12,491)</b>	12,201	<b>(110,540)</b>
<b>Comprehensive income</b>	<b>¥ 18,703</b>	¥38,628	<b>\$ 165,513</b>
Comprehensive income attributable to:			
Owners of parent	¥ 18,703	¥38,601	\$ 165,513
Non-controlling interests	—	27	—
			Thousands of U.S. Dollars (Note 1)
Reclassification Adjustments and Tax Effects for Other Comprehensive Income		Millions of Yen	2016
Valuation difference on available-for-sale securities			
Increase (decrease) during period	¥ (5,633)	¥ 7,034	\$ (49,849)
Reclassification adjustments	12	(40)	106
Amount before income tax effect	(5,621)	6,994	(49,743)
Income tax effect	2,010	(1,937)	17,787
Total	<b>(3,611)</b>	5,057	<b>(31,956)</b>
Deferred gains or losses on hedges			
Reclassification adjustments	—	77	—
Amount before income tax effect	—	77	—
Income tax effect	—	(28)	—
Total	—	49	—
Foreign currency translation adjustment			
Increase (decrease) during period	(4,466)	5,199	(39,522)
Remeasurements of defined benefit plans			
Increase (decrease) during the period	(6,050)	2,747	(53,540)
Reclassification adjustments	(584)	(367)	(5,168)
Amount before income tax effect	(6,634)	2,380	(58,708)
Income tax effect	2,220	(484)	19,646
Total	<b>(4,414)</b>	1,896	<b>(39,062)</b>
Share of other comprehensive income of entities accounted for using equity method			
Increase (decrease) during period	0	(0)	0
Total other comprehensive income	<b>¥(12,491)</b>	¥12,201	<b>\$(110,540)</b>

See accompanying notes.

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## Consolidated Statements of Changes in Net Assets

Years ended March 31, 2016 and 2015 Casio Computer Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen										
	Number of common shares	Capital stock	Capital surplus	Retained earnings	Treasury shares	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Non-controlling interests	Total net assets
<b>Balance at April 1, 2014</b> .....	279,020,914	¥48,592	¥65,703	¥ 70,447	¥ (8,603)	¥ 6,335	¥(49)	¥(2,577)	¥ 5,292	¥ 116	¥185,256
Dividends of surplus .....	—	—	—	(7,298)	—	—	—	—	—	—	(7,298)
Profit attributable to owners of parent.....	—	—	—	26,400	—	—	—	—	—	—	26,400
Purchase of treasury shares .....	—	—	—	—	(12,515)	—	—	—	—	—	(12,515)
Disposal of treasury shares .....	—	—	77	—	153	—	—	—	—	—	230
Retirement of treasury shares.....	(10,000,000)	—	(722)	(10,248)	10,970	—	—	—	—	—	—
Net changes of items other than shareholders' equity .....	—	—	—	—	—	5,057	49	5,199	1,896	(116)	12,085
<b>Balance at April 1, 2015</b> .....	269,020,914	¥48,592	¥65,058	¥ 79,301	¥ (9,995)	¥11,392	¥ —	¥ 2,622	¥ 7,188	¥ —	¥204,158
Dividends of surplus .....	—	—	—	(10,454)	—	—	—	—	—	—	(10,454)
Profit attributable to owners of parent.....	—	—	—	31,194	—	—	—	—	—	—	31,194
Purchase of treasury shares .....	—	—	—	—	(10,297)	—	—	—	—	—	(10,297)
Disposal of treasury shares .....	—	—	0	—	1	—	—	—	—	—	1
Net changes of items other than shareholders' equity .....	—	—	—	—	—	(3,611)	—	(4,466)	(4,414)	—	(12,491)
<b>Balance at March 31, 2016</b> .....	<b>269,020,914</b>	<b>¥48,592</b>	<b>¥65,058</b>	<b>¥100,041</b>	<b>¥(20,291)</b>	<b>¥ 7,781</b>	<b>¥ —</b>	<b>¥(1,844)</b>	<b>¥ 2,774</b>	<b>¥ —</b>	<b>¥202,111</b>

	Thousands of U.S. Dollars (Note 1)										
<b>Balance at April 1, 2015</b> .....		\$430,018	\$575,734	\$701,778	\$ (88,451)	\$100,814	\$—	\$ 23,204	\$ 63,611	\$—	\$1,806,708
Dividends of surplus .....		—	—	(92,513)	—	—	—	—	—	—	(92,513)
Profit attributable to owners of parent.....		—	—	276,053	—	—	—	—	—	—	276,053
Purchase of treasury shares .....		—	—	—	(91,124)	—	—	—	—	—	(91,124)
Disposal of treasury shares .....		—	0	—	9	—	—	—	—	—	9
Net changes of items other than shareholders' equity .....		—	—	—	—	(31,956)	—	(39,522)	(39,062)	—	(110,540)
<b>Balance at March 31, 2016</b> .....		<b>\$430,018</b>	<b>\$575,734</b>	<b>\$885,318</b>	<b>\$(179,566)</b>	<b>\$ 68,858</b>	<b>\$—</b>	<b>\$(16,318)</b>	<b>\$ 24,549</b>	<b>\$—</b>	<b>\$1,788,593</b>

See accompanying notes.

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## Consolidated Statements of Cash Flows

Years ended March 31, 2016 and 2015 Casio Computer Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
<b>Cash flows from operating activities</b>			
Profit before income taxes .....	¥ 40,664	¥ 34,220	\$ 359,858
Depreciation .....	9,708	8,827	85,911
Impairment loss .....	1,047	2,322	9,265
Loss (gain) on sales and retirement of non-current assets .....	466	1,406	4,124
Loss (gain) on sales of investment securities .....	(1,108)	(120)	(9,805)
Increase (decrease) in net defined benefit liability .....	196	233	1,735
Interest and dividend income .....	(1,145)	(1,101)	(10,133)
Interest expenses .....	442	888	3,912
Foreign exchange losses (gains) .....	(1,450)	(1,373)	(12,832)
Share of (profit) loss of entities accounted for using equity method ..	(53)	(68)	(469)
Decrease (increase) in notes and accounts receivable-trade .....	(2,690)	5,692	(23,805)
Decrease (increase) in inventories .....	(3,750)	(5,691)	(33,186)
Increase (decrease) in notes and accounts payable-trade .....	(61)	(5,598)	(540)
Decrease/increase in consumption taxes receivable/payable .....	(1,081)	77	(9,566)
Other, net .....	(3,816)	(3,841)	(33,770)
<b>Subtotal .....</b>	<b>37,369</b>	<b>35,873</b>	<b>330,699</b>
Interest and dividend income received .....	1,164	1,274	10,301
Interest expenses paid .....	(445)	(990)	(3,938)
Income taxes paid .....	(5,378)	(5,402)	(47,593)
<b>Net cash provided by (used in) operating activities .....</b>	<b>32,710</b>	<b>30,755</b>	<b>289,469</b>
<b>Cash flows from investing activities</b>			
Payments into time deposits .....	(433)	(523)	(3,832)
Proceeds from withdrawal of time deposits .....	983	15,148	8,699
Purchase of property, plant and equipment .....	(6,430)	(4,828)	(56,902)
Proceeds from sales of property, plant and equipment .....	81	73	717
Purchase of intangible assets .....	(3,916)	(3,583)	(34,655)
Purchase of investment securities .....	(87)	(22,023)	(770)
Proceeds from sales and redemption of investment securities .....	18,014	5,360	159,416
Purchase of shares of subsidiaries and associates .....	—	(200)	—
Other, net .....	(53)	(92)	(469)
<b>Net cash provided by (used in) investing activities .....</b>	<b>8,159</b>	<b>(10,668)</b>	<b>72,204</b>

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable .....	9	(5,310)	79
Proceeds from long-term loans payable .....	23,000	37,000	203,540
Repayments of long-term loans payable .....	(23,000)	(28,951)	(203,540)
Proceeds from issuance of bonds .....	—	10,012	—
Redemption of bonds .....	—	(22,648)	—
Purchase of treasury shares .....	(10,297)	(12,516)	(91,124)
Proceeds from sales of treasury shares .....	1	0	9
Repayments of finance lease obligations .....	(932)	(918)	(8,248)
Cash dividends paid .....	(10,454)	(7,298)	(92,513)
<b>Net cash provided by (used in) financing activities .....</b>	<b>(21,673)</b>	<b>(30,629)</b>	<b>(191,797)</b>
<b>Effect of exchange rate change on cash and cash equivalents .....</b>	<b>(1,876)</b>	<b>7,150</b>	<b>(16,602)</b>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>17,320</b>	<b>(3,392)</b>	<b>153,274</b>
<b>Cash and cash equivalents at beginning of period (Note 3) .....</b>	<b>110,737</b>	<b>114,129</b>	<b>979,974</b>
<b>Cash and cash equivalents at end of period (Note 3) .....</b>	<b>¥128,057</b>	<b>¥ 110,737</b>	<b>\$1,133,248</b>

See accompanying notes.



## Notes to Consolidated Financial Statements

Years ended March 31, 2016 and 2015 Casio Computer Co., Ltd. and Consolidated Subsidiaries

### 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of CASIO COMPUTER CO., LTD. ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure) 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 Financial Instruments and Exchange Law. Certain 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 is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2016, which was ¥113 to U.S.\$1. The convenience translation should not be construed as a representation 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 rights or existence of certain conditions. Shares of associates 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 are acquired. The amounts of assets and liabilities attributable to non-controlling interests 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 assets 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 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 (loss).

Assets and liabilities of consolidated overseas 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 net assets as foreign currency translation adjustment.

#### Securities and investment securities

Debt securities designated as held-to-maturity are carried at amortized cost using the straight-line method. Available-for-sale securities for which fair value is readily determinable, are stated at fair 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 under net assets. The cost of such securities sold is determined primarily by the moving-average method. Available-for-sale securities for which fair value is not readily determinable are stated primarily at moving-average cost.

#### Derivatives and hedge accounting

The accounting standards for financial instruments require 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 meet the criteria for hedge accounting.

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 swaps is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

The Group uses forward foreign currency contracts and interest rate swaps as derivative financial instruments primarily 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 changes with respect to cash management.

Forward foreign currency and interest rate swap contracts are subject to risks of foreign currency 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.

## Notes to Consolidated Financial Statements

### Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover probable losses on the collection of receivables.

The amount of the allowance is determined by an estimated amount of probable bad debt that is based on past write-off experience and a review of the collectability of individual receivables.

### Inventories

Inventories are stated primarily at the lower of cost (first-in, first-out) or net realizable values at year-end.

### Property, plant and equipment, except leased assets

Property, plant and equipment is stated at cost. For the Company and its consolidated subsidiaries in Japan, depreciation is principally determined by the declining-balance method at rates based on estimated useful lives except for the following items. The building and structures of the head office of the Company as well as, buildings, excluding building fixtures, acquired on or after April 1, 1998, are depreciated using the straight-line method. For overseas subsidiaries, depreciation is principally determined by the straight-line method. The depreciation period ranges from 2 years to 50 years for buildings and structures, from 2 years to 17 years for machinery, equipment and vehicles, and from 1 year to 20 years for tools, furniture and fixtures.

### Software, except leased assets

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 under Investments and other assets in the consolidated balance sheets.

### Leased assets

(Finance leases which do not transfer ownership of the leased property to the lessee)

Leased assets are divided into the two principal categories of property, plant and equipment and intangible assets included in Other under Investments and other assets. The former consists primarily of facilities (machinery and equipment, tools, furniture and fixtures) while the latter consists of software. The assets are depreciated on a straight-line basis on the assumption that the lease term is the useful life and the residual value is zero.

### 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.

For employees' severance and retirement benefits, the Company and some of its consolidated subsidiaries in Japan provide a defined benefit plan and have established and are participating in the Casio corporate pension fund, which is a system with multiple business proprietors.

The Company and its consolidated subsidiaries in Japan received permission from the Minister of Health, Labour and Welfare, for release from the obligation of paying benefits for employees' prior services relating to the substitutional portion of the Welfare Pension Insurance Scheme. Afterwards, the welfare pension insurance plan was changed to the defined benefit plan.

The Company and some of its consolidated subsidiaries in Japan also provide a defined contribution plan. On April 1, 2012, the Company and certain consolidated subsidiaries transferred part of the defined benefit plan to the defined contribution plan. In addition, the Company has established an employee retirement benefit trust.

The liabilities and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The liability and expenses for the retirement benefit plan subject to some of the consolidated subsidiaries are calculated by a simplified method.

### Income taxes

Taxes on income consist of corporation, inhabitants' and enterprise taxes.

The Company and certain consolidated subsidiaries in Japan apply the consolidated tax payment system.

The Group recognizes tax effects of temporary differences between carrying amounts for financial reporting purposes and amounts for tax purposes. The provision for income taxes is computed based on the profit before income taxes 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 shares

Earnings per share of common shares is computed based on the weighted average number of common shares outstanding during each fiscal year (less the treasury shares).

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

## Notes to Consolidated Financial Statements

### Reclassifications

Certain reclassifications have been made in the 2015 consolidated financial statements to conform to the 2016 presentation.

### Changes in accounting policies

The Company and its domestic subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013 (hereinafter, "Statement No. 21")), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013 (hereinafter, "Statement No. 22")) and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013 (hereinafter, "Statement No. 7")) (together, the "Business Combination Accounting Standards"), from the current fiscal year. As a result, the Company changed its accounting policies to recognize in capital surplus the differences arising from the changes in the Company's ownership interest of subsidiaries over which the Company continues to maintain control and to record acquisition related costs as expenses in the fiscal year in which the costs are incurred. In addition, for business combinations taking place on or after 1 April, 2015, the Company changed its accounting policy for the reallocation of acquisition costs due to the completion following provisional accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place. The Company also changed the presentation of net income and the term "non-controlling interests" is used instead of "minority interests." Certain amounts in the prior year comparative information were reclassified to conform to such changes in the current year presentation.

With regard to the application of the Business Combination Accounting Standards, the Company followed the provisional treatments in article 58-2(4) of Statement No. 21, article 44-5(4) of Statement No. 22 and article 57-4(4) of Statement No. 7 with application from the beginning of the current fiscal year prospectively.

In the consolidated statements of cash flows, cash flows from acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from financing activities," and cash flows from acquisition related costs for shares of subsidiaries with changes in the scope of consolidation or costs related to acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from operation activities."

There is no effect on the consolidated financial statements and the amounts per share of the current fiscal year.

### Accounting standard and guidance that are yet to be adopted

"Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016 (hereinafter, "Guidance No. 26"))

### (1) Overview

Following the framework in Auditing Committee Report No. 66 "Audit Treatment regarding the Judgment of Recoverability of Deferred Tax Assets," which prescribes estimation of deferred tax assets according to the classification of the entity according to one of five types, the following statements were changed as necessary:

1. Treatment for an entity that does not meet any of the criteria in types 1 to 5;
2. Criteria for types 2 and 3;
3. Treatment for deductible temporary differences, which an entity classified as type 2 and is unable to schedule;
4. Treatment for the period, which an entity classified as type 3 is able to reasonably estimate, with respect to future taxable income before consideration of taxable or deductible temporary differences that exist at the end of the current fiscal year; and
5. Treatment when an entity classified as type 4 also meets the criteria for types 2 or 3

### (2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2017

### (3) Effects of application of the Guidance

There is no effect of application of the Guidance on the consolidated financial statements.

## 3. Cash and Cash Equivalents

### (1) Cash and cash equivalents at March 31, 2016 and 2015:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Cash and deposits .....	¥ 66,648	¥ 82,806	\$ 589,805
Time deposits over three months .....	(345)	(939)	(3,053)
Debt securities within three months to maturity .....	55,600	17,110	492,036
Short-term loans receivable with resale agreement .....	6,154	11,760	54,460
Cash and cash equivalents .....	¥128,057	¥110,737	\$1,133,248

### (2) Significant non-cash transactions

#### 1) Assets and obligations relating to finance lease transactions

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Assets relating to finance lease transactions .....	¥833	¥607	\$7,372
Obligations relating to finance lease transactions .....	893	650	7,903

## Notes to Consolidated Financial Statements

## 2) Retirement of treasury shares

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Retirement of treasury shares.....	¥—	¥10,970	\$—

## 3) Exercise of subscription rights to shares of convertible bond-type bonds with subscription rights to shares

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Gain on disposal of treasury shares due to exercise of subscription rights to shares .....	¥—	¥77	\$—
Decrease in treasury shares due to exercise of subscription rights to shares .....	—	153	—
Decrease in bonds with subscription rights to shares due to exercise of subscription rights to shares.....	¥—	¥230	\$—

## 4. Inventories

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Finished goods.....	¥43,082	¥41,064	\$381,257
Work in process .....	6,943	7,258	61,442
Raw materials and supplies.....	7,751	7,629	68,593
Total.....	¥57,776	¥55,951	\$511,292

## 5. Fair Value of Financial Instruments

## (1) Qualitative information on financial instruments

## 1) Policies for using financial instruments

The Group invests surplus funds in highly secure financial assets, and funds required for working capital and capital investments are raised through the issuance of bonds or loans from financial institutions such as banks. Derivatives are used to avoid the risks described hereinafter and no speculative transactions are entered into.

## 2) Details of financial instruments used and risks involved, and how they are managed

Notes and accounts receivable-trade are exposed to customers' credit risk. To minimize that risk, the Group periodically monitors the due date and the balance of the accounts.

Securities and investment securities are primarily highly secure and highly-rated debt securities and shares of companies with which the Group has business relations, and are exposed to market price fluctuation risk. The Group periodically monitors the market price and reviews the status of these holdings.

Operating payables comprising notes and accounts payable-trade, accounts payable-other as well as income taxes payable have a due date of within one year.

Operating payables, loans payable, and bonds are subject to liquidity risk (the risk of an inability to pay by the due date). However, the Group manages liquidity risk by maintaining short-term liquidity in excess of a certain level of consolidated sales or by other means.

The Group uses derivative transactions of forward foreign currency contracts to hedge currency fluctuation risks arising from debts and credits denominated in foreign currencies, as well as interest rate swap contracts to fix the cash flows associated with loans payable. The Group utilizes and manages derivative transactions following the internal regulations for them, which stipulate policy, objective, scope, organization, procedures and financial institutions to deal with, and has an implementation and reporting system for derivative transactions reflecting proper internal control functions.

## Notes to Consolidated Financial Statements

## 3) Supplemental information on fair values

The fair value of financial instruments is calculated based on quoted market price or, in the case where there is no market price, by making a reasonable estimation. Because the preconditions applied include a floating element, estimation of fair value may vary. The contract amounts, as presented in Note 7 "Derivative Transactions," do not reflect market risk.

## (2) Fair values of financial instruments

The following table summarizes book value and fair value of the financial instruments, and the difference between them as of March 31, 2016 and 2015. Items for which fair value is difficult to estimate are not included in the following table (see (Note) 2 on P. 32).

For 2016	Millions of Yen		
	Book value	Fair value	Difference
<b>Assets</b>			
[1] Cash and deposits.....	¥ 66,648	¥ 66,648	¥ —
[2] Notes and accounts receivable-trade.....	47,843	47,843	—
[3] Securities and investment securities			
a. Held-to-maturity debt securities .....	30,000	30,000	—
b. Available-for-sale securities.....	57,436	57,436	—
Total assets .....	¥201,927	¥201,927	¥ —
<b>Liabilities</b>			
[1] Notes and accounts payable-trade.....	¥ 34,542	¥ 34,542	¥ —
[2] Accounts payable-other .....	21,483	21,483	—
[3] Income taxes payable .....	4,334	4,334	—
[4] Bonds with subscription rights to shares.....	10,033	11,704	1,671
[5] Long-term loans payable.....	67,000	67,361	361
Total liabilities.....	¥137,392	¥139,424	¥2,032
Derivative transactions.....	¥ —	¥ —	¥ —

For 2016	Thousands of U.S. Dollars (Note 1)		
	Book value	Fair value	Difference
<b>Assets</b>			
[1] Cash and deposits.....	\$ 589,805	\$ 589,805	\$ —
[2] Notes and accounts receivable-trade.....	423,390	423,390	—
[3] Securities and investment securities			
a. Held-to-maturity debt securities .....	265,487	265,487	—
b. Available-for-sale securities.....	508,283	508,283	—
Total assets .....	\$1,786,965	\$1,786,965	\$ —
<b>Liabilities</b>			
[1] Notes and accounts payable-trade.....	\$ 305,681	\$ 305,681	\$ —
[2] Accounts payable-other .....	190,115	190,115	—
[3] Income taxes payable .....	38,354	38,354	—
[4] Bonds with subscription rights to shares.....	88,788	103,576	14,788
[5] Long-term loans payable.....	592,920	596,115	3,195
Total liabilities.....	\$1,215,858	\$1,233,841	\$17,983
Derivative transactions.....	\$ —	\$ —	\$ —

For 2015	Millions of Yen		
	Book value	Fair value	Difference
<b>Assets</b>			
[1] Cash and deposits.....	¥ 82,806	¥ 82,806	¥ —
[2] Notes and accounts receivable-trade.....	45,869	45,869	—
[3] Securities and investment securities			
a. Held-to-maturity debt securities .....	9,000	9,000	—
b. Available-for-sale securities .....	62,753	62,753	—
Total assets .....	¥200,428	¥200,428	¥ —
<b>Liabilities</b>			
[1] Notes and accounts payable-trade.....	¥ 35,135	¥ 35,135	¥ —
[2] Accounts payable-other .....	23,843	23,843	—
[3] Income taxes payable .....	3,208	3,208	—
[4] Bonds with subscription rights to shares.....	10,043	11,974	1,931
[5] Long-term loans payable.....	67,000	67,198	198
Total liabilities.....	¥139,229	¥141,358	¥2,129
Derivative transactions* .....	¥ 152	¥ 152	¥ —

\* Net receivables and payables, which are derived from derivative transactions, are presented in net amounts.



## Notes to Consolidated Financial Statements

**(Note) 1: Method for calculating the fair value of financial instruments and matters related to securities and investment securities and derivative transactions***Assets***[1] Cash and deposits, [2] Notes and accounts receivable-trade**

Since these items are short-term and the fair value approximates the book value, the book value is used as fair value.

**[3] Securities and investment securities**

The fair value of equity securities is the market price, while the fair value of debt securities is the market price or the price quoted by the correspondent financial institution. Since certificates of deposit and commercial paper are short-term, and the fair value approximates the book value, the book value is used as fair value.

See Note 6 "Securities and Investment Securities" for information on securities categorized by holding purpose.

*Liabilities***[1] Notes and accounts payable-trade, [2] Accounts payable-other, [3] Income taxes payable**

Since these items are short-term, and the fair value approximates the book value, the book value is used as fair value.

**[4] Bonds with subscription rights to shares**

The fair value of bonds with subscription rights to shares is the price quoted by the correspondent financial institution.

**[5] Long-term loans payable**

The fair value of long-term loans payable with fixed interest rates is the sum of the principal and total interest discounted by the rate that is applied if a new loan is made.

Since long-term loans payable with floating interest rates reflect market interest rates over the short term, and the fair value approximates the book value, the book value is used as fair value. However, those that are subject to special treatment interest rate swaps are measured by taking the sum of the principal and total interest associated with the interest rate swaps and discounting it by the rate that is reasonably estimated and applied if a new loan is made (see Note 7 "Derivative Transactions").

*Derivative transactions*

See Note 7 "Derivative Transactions."

**(Note) 2: Financial instruments of which fair value is difficult to estimate**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
	Book value	Book value	Book value
Unlisted shares.....	¥2,571	¥2,531	\$22,752

The market price of the above shares is not available, therefore the fair value is difficult to estimate. Hence, they are not included in "[3] Securities and investment securities" on P31.

In the fiscal years ended March 31, 2016 and 2015, there were no unlisted shares declared impairment loss.

**(Note) 3: Monetary claims and securities and investment securities with repayment due dates after March 31, 2016 and 2015:**

	Millions of Yen			
	Within one year	Within five years	Within ten years	Over ten years
<b>For 2016</b>				
Cash and deposits .....	¥ 66,648	¥—	¥—	¥—
Notes and accounts receivable-trade .....	47,843	—	—	—
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds.....	—	—	—	—
(2) Corporate bonds .....	—	—	—	—
(3) Others .....	30,000	—	—	—
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds .....	—	—	—	—
b. Corporate bonds .....	15,600	—	—	—
c. Others .....	—	—	—	—
(2) Others .....	10,000	—	—	—
<b>Total.....</b>	<b>¥170,091</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>

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For 2016	Thousands of U.S. Dollars (Note 1)			
	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits .....	\$ 589,805	\$—	\$—	\$—
Notes and accounts receivable-trade .....	423,390	—	—	—
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds .....	—	—	—	—
(2) Corporate bonds .....	—	—	—	—
(3) Others .....	265,487	—	—	—
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds .....	—	—	—	—
b. Corporate bonds .....	138,053	—	—	—
c. Others .....	—	—	—	—
(2) Others .....	88,496	—	—	—
Total .....	\$1,505,231	\$—	\$—	\$—

For 2015	Millions of Yen			
	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits .....	¥ 82,806	¥—	¥—	¥—
Notes and accounts receivable-trade .....	45,869	—	—	—
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds .....	—	—	—	—
(2) Corporate bonds .....	—	—	—	—
(3) Others .....	9,000	—	—	—
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds .....	—	—	—	—
b. Corporate bonds .....	—	—	—	—
c. Others .....	15,000	—	—	—
(2) Others .....	8,110	—	—	—
Total .....	¥160,785	¥—	¥—	¥—

## (Note) 4: Bonds with subscription rights to shares and long-term loans payable with due dates after March 31, 2016 and 2015

For 2016	Millions of Yen					
	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Bonds with subscription rights to shares .....	¥—	¥—	¥—	¥10,000	¥—	¥—
Long-term loans payable .....	—	6,000	38,000	—	23,000	—
Total .....	¥—	¥6,000	¥38,000	¥10,000	¥23,000	¥—

For 2016	Thousands of U.S. Dollars (Note 1)					
	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Bonds with subscription rights to shares .....	\$—	\$—	\$—	\$88,496	\$—	\$—
Long-term loans payable .....	—	53,097	336,283	—	203,540	—
Total .....	\$—	\$53,097	\$336,283	\$88,496	\$203,540	\$—

For 2015	Millions of Yen					
	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Bonds with subscription rights to shares .....	¥—	¥—	¥—	¥—	¥10,000	¥—
Long-term loans payable .....	—	23,000	6,000	38,000	—	—
Total .....	¥—	¥23,000	¥6,000	¥38,000	¥10,000	¥—

## 6. Securities and Investment Securities

## (1) Held-to-maturity debt securities

	Millions of Yen		
	2016 Book value	2016 Fair value	Difference
Securities with fair values exceeding book values .....	¥30,000	¥30,000	¥—
Securities other than the above .....	—	—	—
Total .....	¥30,000	¥30,000	¥—

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Thousands of U.S. Dollars (Note 1)

	2016		
	Book value	Fair value	Difference
Securities with fair values exceeding book values.....	\$265,487	\$265,487	\$—
Securities other than the above.....	—	—	—
Total .....	\$265,487	\$265,487	\$—

Millions of Yen

	2015		
	Book value	Fair value	Difference
Securities with fair values exceeding book values.....	¥9,000	¥9,000	¥—
Securities other than the above.....	—	—	—
Total .....	¥9,000	¥9,000	¥—

## (2) Available-for-sale securities

Securities with book values exceeding acquisition costs:

Millions of Yen

	2016		
	Book value	Acquisition cost	Difference
Equity securities .....	¥25,020	¥13,544	¥11,476
Debt securities .....	15,600	15,600	—
Others.....	15,101	15,062	39
Total .....	¥55,721	¥44,206	¥11,515

Thousands of U.S. Dollars (Note 1)

	2016		
	Book value	Acquisition cost	Difference
Equity securities .....	\$221,416	\$119,859	\$101,557
Debt securities .....	138,053	138,053	—
Others.....	133,637	133,292	345
Total .....	\$493,106	\$391,204	\$101,902

Millions of Yen

	2015		
	Book value	Acquisition cost	Difference
Equity securities .....	¥34,283	¥17,491	¥16,792
Debt securities .....	15,034	15,004	30
Others.....	13,177	13,143	34
Total .....	¥62,494	¥45,638	¥16,856

Securities other than the above:

Millions of Yen

	2016		
	Book value	Acquisition cost	Difference
Equity securities .....	¥1,715	¥2,014	¥(299)
Debt securities .....	—	—	—
Others.....	—	—	—
Total .....	¥1,715	¥2,014	¥(299)

Thousands of U.S. Dollars (Note 1)

	2016		
	Book value	Acquisition cost	Difference
Equity securities .....	\$15,177	\$17,823	\$(2,646)
Debt securities .....	—	—	—
Others.....	—	—	—
Total .....	\$15,177	\$17,823	\$(2,646)

Millions of Yen

	2015		
	Book value	Acquisition cost	Difference
Equity securities .....	¥259	¥278	¥(19)
Debt securities .....	—	—	—
Others.....	—	—	—
Total .....	¥259	¥278	¥(19)

(Notes): 1. Acquisition cost is presented based on book values after posting of impairment loss.

2. The market price of unlisted shares is not available, therefore the fair value is difficult to estimate. Hence, the amounts of unlisted shares, which are ¥2,571 million (\$22,752 thousand) and ¥2,531 million on the consolidated balance sheets as of March 31, 2016 and 2015 respectively, are not included in Available-for-sale securities above.

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## (3) Available-for-sale securities sold for the years ended March 31, 2016 and 2015

	Millions of Yen		
	2016		
	Sales amount	Gross realized gains	Gross realized losses
Equity securities .....	¥3,342	¥1,313	¥205
Debt securities .....	—	—	—
Others.....	—	—	—
Total .....	¥3,342	¥1,313	¥205

	Thousands of U.S. Dollars (Note 1)		
	2016		
	Sales amount	Gross realized gains	Gross realized losses
Equity securities .....	\$29,575	\$11,619	\$1,814
Debt securities .....	—	—	—
Others.....	—	—	—
Total .....	\$29,575	\$11,619	\$1,814

Not applicable for the year ended March 31, 2015.

## (4) Securities and investment securities impaired

No impairment of securities and investment securities was recorded for the years ended March 31, 2016 and 2015.

With respect to impairment loss, securities with a fair value that has declined by 50% or more against their acquisition costs are impaired. Among securities that have declined by 30% or more, but less than 50% against their acquisition costs, those that have been comprehensively assessed and deemed as unlikely to recover their value are also impaired.

## 7. Derivative Transactions

## Derivative transactions not subject to hedge accounting

(1) Currency-related derivatives

Not applicable at March 31, 2016.

	Millions of Yen			
	2015			
	Contract amount			
	Total	Due after one year	Fair value	Realized gain (loss)
Forward contracts:				
To sell:				
Euros.....	¥3,903	¥—	¥ 297	¥ 297
British pounds .....	693	—	35	35
Chinese yuan .....	9,474	—	(180)	(180)
Total .....	¥ —	¥—	¥ 152	¥ 152

(Notes): 1. Fair values of derivative transactions are determined by forward exchange rates.  
2. Transactions are transactions other than market transactions.

(2) Interest rate-related derivatives

Not applicable at March 31, 2016 and 2015.

## Derivative transactions subject to hedge accounting

(1) Currency-related derivatives

Not applicable at March 31, 2016 and 2015.

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## (2) Interest rate-related derivatives

Millions of Yen

			2016		
			Contract amount		
Hedge accounting method	Type	Main hedged item	Total	Due after one year	Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	¥3,500	¥3,500	(Note) 2
Total			¥3,500	¥3,500	¥—

Thousands of U.S. Dollars (Note 1)

			2016		
			Contract amount		
Hedge accounting method	Type	Main hedged item	Total	Due after one year	Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	\$30,973	\$30,973	(Note) 2
Total			\$30,973	\$30,973	\$—

Millions of Yen

			2015		
			Contract amount		
Hedge accounting method	Type	Main hedged item	Total	Due after one year	Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	¥3,500	¥3,500	(Note) 2
Total			¥3,500	¥3,500	¥—

(Notes): 1. Fair values of derivative transactions are determined by prices principally reported by the financial institutions with which the Group engages in derivative transactions.

2. Since interest rate swaps that are subject to special treatment are accounted for with long-term loans payable, which are hedged items, their fair value is included in the fair value of the said long-term loans payable.

## 8. Short-term Loans Payable, Bonds and Long-term Loans Payable and Lease Obligation

Short-term loans payable represent bank loans and their average interest rates were 0.2% per annum at March 31, 2016 and 2015.

(Note): An average interest rate is the weighted average rate on the year-end balance of loans payable.

Bonds and long-term loans payable at March 31, 2016 and 2015:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Euro-yen convertible bond-type bonds with subscription rights to shares due in 2019*	¥10,033	¥10,043	\$ 88,788
Loans principally from banks due within one year	—	—	—
Loans principally from banks due over one year**	67,000	67,000	592,920
Total	77,033	77,043	681,708
Less amount due within one year	—	—	—
	¥77,033	¥77,043	\$681,708

\* Details of bonds with subscription rights to shares ("warrants")

Type of shares involved	common shares
Price of warrants	gratis
Share issue price	¥2,055.7 (\$18.19)
Total issue amount	¥10,050 million (\$88,938 thousand)
Total value of new shares issued upon exercise of warrants	—
Warrant-linked	100%
Period of exercise of warrants	August 6, 2014 to July 9, 2019

Upon request to exercise warrants in question, payments usually required for the issuance of the corresponding number of shares shall be exempted as the issuer of bonds in question, in return, will be automatically exempted from obligation of redemption of the bonds in a lump-sum.

Exercise of warrants in question shall be regarded as an eligible request for exercise of subscription rights.

The conversion price of the euro-yen convertible bond-type bonds with subscription rights to shares due in 2019 was adjusted to ¥2,051.8 (\$18.16) from ¥2,055.7 (\$18.19) retroactive to April 1, 2016 pursuant to the terms and conditions of the bonds due to the payment of a year-end dividend of ¥22.50 (\$0.20) per share and an annual dividend of ¥40.00 (\$0.35) per share. The General Meeting of Shareholders held on June 29, 2016 approved the payment of these dividends of ¥22.50 (\$0.20).

\*\* The average interest rates were 0.3% and 0.4% per annum at March 31, 2016 and 2015, respectively. An average interest rate is the weighted average rate on the year-end balance of loans payable.



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The annual maturities of bonds and long-term loans payable at March 31, 2016:

Year ending March 31	Thousands of U.S. Dollars (Note 1)	
	Millions of Yen	U.S. Dollars
2017	¥ —	\$ —
2018	6,000	53,097
2019	38,000	336,283
2020	10,000	88,496
2021	23,000	203,540

The annual maturities of lease obligations at March 31, 2016:

Year ending March 31	Thousands of U.S. Dollars (Note 1)	
	Millions of Yen	U.S. Dollars
2017	¥841	\$7,442
2018	587	5,195
2019	333	2,947
2020	195	1,726
2021	106	938

The lines of credit with the main financial institutions agreed as of March 31, 2016 and 2015:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	
Line of credit	¥57,100	¥57,196	\$505,310
Unused	57,100	57,196	505,310

## 9. Income Taxes

(1) The following table summarizes the significant differences between the statutory tax rate and the Group's actual income tax rate for financial statement purposes for the years ended March 31, 2016 and 2015.

	2016	2015
Statutory tax rate	33.1%	35.6%
Increase (reduction) in tax resulting from:		
Difference in statutory tax rate (including overseas subsidiaries)	(2.7)	(6.5)
Valuation allowance	(9.4)	(11.7)
Retained earnings of overseas subsidiaries	(1.4)	3.4
Decrease of deferred tax assets at year end due to changes of Japan tax rate	1.8	4.6
Other	1.9	(2.6)
Actual income tax rate	23.3%	22.8%

(2) Significant components of deferred tax assets and liabilities as of March 31, 2016 and 2015:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	
Deferred tax assets:			
Net operating loss carryforwards	¥11,626	¥17,233	\$102,885
Inventories	1,932	1,913	17,097
Retirement benefits and the related expenses	1,928	713	17,062
Accrued expenses (bonuses to employees)	1,695	1,827	15,000
Property, plant and equipment	1,491	1,624	13,195
Other	5,017	5,722	44,398
Gross deferred tax assets	23,689	29,032	209,637
Valuation allowance	(6,025)	(10,398)	(53,319)
Total deferred tax assets	17,664	18,634	156,318
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(3,526)	(5,451)	(31,204)
Retained earnings of overseas subsidiaries	(2,775)	(3,325)	(24,558)
Unrealized holding gain	(1,287)	(1,366)	(11,389)
Reserve for advanced depreciation of non-current assets	(70)	(80)	(619)
Other	(71)	(80)	(628)
Total deferred tax liabilities	(7,729)	(10,302)	(68,398)
Net deferred tax assets	¥ 9,935	¥ 8,332	\$ 87,920

## Notes to Consolidated Financial Statements

## (3) Adjustments of amount of deferred tax assets and liabilities due to change in the corporate tax rate

The “Act for Partial Revision of the Income Tax Act and Others” (Act No. 15 of 2016) and the “Act for Partial Revision of the Local Tax Act and Others” (Act No. 13 of 2016) were enacted in the Diet on March 29, 2016.

Under these revised acts, the effective tax rate used for calculating deferred tax assets and deferred tax liabilities has been reduced from 32.3% to 30.9% for the temporary differences expected to reverse from April 1, 2016 to March 31, 2018, and to 30.6% for those expected to reverse from the fiscal year beginning April 1, 2018

As a result, the amount of net deferred tax assets decreased by ¥460 million (\$4,071 thousand) and income taxes-deferred increased by ¥727 million (\$6,434 thousand), valuation difference on available-for-sale securities increased by ¥198 million (\$1,752 thousand) and remeasurements of defined benefit plans increased by ¥69 million (\$611 thousand) as of and for the year ended March 31, 2016.

## 10. Retirement Benefits

## (1) Defined benefit plan (Defined benefit plans, including multi-employer pension plans)

## 1) Movement in projected benefit obligation (except plans applied simplified method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Projected benefit obligation at beginning of period .....	¥54,206	¥48,825	\$479,699
Service cost .....	1,747	1,582	15,460
Interest cost .....	588	949	5,204
Actuarial differences accrued .....	45	4,305	398
Benefits paid .....	(2,320)	(1,954)	(20,531)
Others .....	(1,027)	499	(9,088)
Projected benefit obligation at end of period .....	¥53,239	¥54,206	\$471,142

## 2) Movement in pension plan assets (except plans applied simplified method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Pension plan assets at beginning of period .....	¥66,676	¥57,728	\$590,053
Expected return on pension plan assets .....	2,193	1,896	19,407
Actuarial differences accrued .....	(6,268)	7,099	(55,469)
Contributions paid by the employer .....	1,215	1,449	10,752
Benefits paid .....	(2,162)	(2,073)	(19,132)
Others .....	(811)	577	(7,177)
Pension plan assets at end of period .....	¥60,843	¥66,676	\$538,434

## 3) Movement in net defined benefit liability for plans applied the simplified method

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Net defined benefit liability at beginning of period .....	¥(449)	¥ 142	\$(3,974)
Retirement benefit expenses .....	483	(394)	4,274
Benefits paid .....	(44)	(6)	(389)
Contributions paid by the employer .....	(157)	(181)	(1,389)
Others .....	(4)	(10)	(35)
Net defined benefit liability at end of period .....	¥(171)	¥ (449)	\$(1,513)

## 4) Reconciliation from projected benefit obligation and pension plan assets to liability (asset) for retirement benefits

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Funded projected benefit obligation .....	¥ 57,383	¥ 58,321	\$ 507,814
Pension plan assets .....	(65,337)	(71,429)	(578,203)
	(7,954)	(13,108)	(70,389)
Unfunded projected benefit obligation .....	179	189	1,584
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets .....	(7,775)	(12,919)	(68,805)
Net defined benefit liability .....	1,338	1,219	11,841
Net defined benefit asset .....	(9,113)	(14,138)	(80,646)
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets .....	¥ (7,775)	¥(12,919)	\$ (68,805)

(Note): Including plans applied the simplified method.

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## 5) Retirement benefit expenses

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Service cost .....	¥ 1,747	¥ 1,582	\$ 15,460
Interest cost .....	588	949	5,204
Expected return on pension plan assets .....	(2,193)	(1,896)	(19,407)
Amortization of actuarial differences .....	1,273	1,500	11,266
Amortization of prior service costs .....	(1,857)	(1,867)	(16,434)
Others .....	476	(394)	4,212
Retirement benefit expenses .....	¥ 34	¥ (126)	\$ 301

## 6) Remeasurements of defined benefit plans (before income tax effects)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Actuarial differences .....	¥(4,777)	¥ 4,247	\$(42,274)
Prior service costs .....	(1,857)	(1,867)	(16,434)
Total .....	¥(6,634)	¥ 2,380	\$(58,708)

## 7) Accumulated remeasurements for retirement benefit (before income tax effects)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Unrecognized actuarial differences .....	¥ 7,635	¥ 2,858	\$ 67,567
Unrecognized prior service costs .....	(11,588)	(13,445)	(102,549)
Total .....	¥ (3,953)	¥(10,587)	\$ (34,982)

## 8) Pension plan assets

(i) Pension plan assets comprise:

	2016	2015
Equity securities .....	54%	58%
Debt securities .....	16%	15%
General account .....	20%	19%
Others .....	10%	8%
Total .....	100%	100%

(Note): The employee retirement benefit trust set up for corporate pension plans represents 14% and 15% of total pension assets, as of March 31, 2016 and 2015, respectively.

(ii) Long-term expected rate of return

Current and target asset allocations, as well as current and expected returns on various categories of pension plan assets have been considered in determining the long-term expected rate of return.

## 9) Actuarial assumptions

The principal actuarial assumptions at the end of the period follow:

	2016	2015
Discount rate .....	mainly 0.8%	mainly 0.8%
Long-term expected rate of return .....	mainly 3.0%	mainly 3.0%

## (2) Defined contribution plan

At March 31, 2016 and 2015, the required contributions to the defined contribution plans of the Company and its consolidated subsidiaries were ¥1,011 million (\$8,947 thousand) and ¥1,054 million, respectively.

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## 11. Net Assets

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as legal capital surplus, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of legal capital surplus and legal retained earnings must be set aside as legal capital surplus or legal retained earnings. Legal retained earnings is included in retained earnings in the accompanying consolidated balance sheets.

Legal capital surplus and legal retained earnings may not be distributed as dividends. However, all legal capital surplus and all legal retained earnings may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

## 12. Lease Transactions

## (1) Finance lease transactions which do not transfer the ownership of the leased property to the lessee, and that were concluded prior to the year that began on April 1, 2008 for which the new accounting standards were applied

The assumed outstanding future lease payments as of March 31, 2016 and 2015:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Future lease payments:			
Due within one year .....	¥12	¥14	\$106
Due over one year .....	33	55	292
Total .....	¥45	¥69	\$398

Total lease expenses, total assumed depreciation cost and total assumed interest cost as lessee for the years ended March 31, 2016 and 2015:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Total lease expenses .....	¥15	¥18	\$133
Total assumed depreciation cost .....	11	13	97
Total assumed interest cost .....	2	3	18

Assumed data as to acquisition cost, accumulated depreciation and net book value of the leased assets under the finance lease contracts as lessee as of March 31, 2016 and 2015:

	Millions of Yen		
	2016		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles .....	¥155	¥119	¥36
Total .....	¥155	¥119	¥36

	Thousands of U.S. Dollars (Note 1)		
	2016		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles .....	\$1,372	\$1,053	\$319
Total .....	\$1,372	\$1,053	\$319

	Millions of Yen		
	2015		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles .....	¥192	¥136	¥56
Total .....	¥192	¥136	¥56

(Notes): 1. In calculating assumed depreciation cost, the leased assets are depreciated on a straight-line basis on the assumption that the lease term is the useful life and residual value is zero.

2. In calculating the assumed interest cost, the difference between the total lease amount and the assumed acquisition cost is taken as the assumed interest cost. The method of distribution over each period depends on the interest method.

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## Notes to Consolidated Financial Statements

## (2) Finance leases

See Note 2 on P. 28

## (3) Operating leases

The outstanding future noncancellable lease payments as of March 31, 2016 and 2015:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Future lease payments:			
Due within one year .....	¥ 231	¥ 244	\$2,044
Due over one year .....	869	1,079	7,691
Total .....	¥1,100	¥1,323	\$9,735

## 13. Segment Information

## (1) Overview of reportable segments

The Group's reportable segments consist of the Group's constituent units for which separate financial information is available and which are subject to periodic examination in order for the board of directors to determine the allocation of management resources and evaluate financial results.

The Group designates three areas of segment reporting, which are the "Consumer," "System Equipment," and "Others" segments, based on the type of products and services, and the market and consumer categories.

The categories of the main products and services belonging to each reportable segment:

Consumer..... Watches, Clocks, Electronic dictionaries, Electronic calculators, Label printers, Electronic musical instruments, Digital cameras, etc.

System Equipment ... Handheld terminals, Electronic cash registers, Office computers, Page printers, Data projectors, etc.

Others ..... Molds, etc.

## (2) Basis of measurement for net sales, income or loss, assets and others for each reportable segment

The accounting method for the reportable segments is largely in line with the descriptions in Notes 1-2 on P. 27-29. Intersegment profits are based on the market price.

## (3) Information on net sales, income or loss, assets and others for each reportable segment

	Reportable segments				Millions of Yen	
	Consumer	System Equipment	Others	Total	Adjustments*	Amounts on consolidated financial statements**
<b>For 2016</b>						
Net sales:						
External customers.....	¥300,956	¥42,669	¥8,633	¥352,258	¥ —	¥352,258
Intersegment .....	2	49	8,788	8,839	(8,839)	—
Total .....	300,958	42,718	17,421	361,097	(8,839)	352,258
Segment income (loss).....	48,981	(1,825)	(114)	47,042	(4,873)	42,169
Segment assets .....	189,995	45,219	19,809	255,023	113,431	368,454
Others						
Depreciation .....	6,684	2,308	442	9,434	274	9,708
Amortization of goodwill.....	—	11	—	11	—	11
Investment to entities accounted for using equity method .....	—	—	2,510	2,510	—	2,510
Increase in property, plant and equipment and intangible assets.....	7,178	2,979	274	10,431	454	10,885

	Reportable segments				Thousands of U.S. Dollars (Note 1)	
	Consumer	System Equipment	Others	Total	Adjustments*	Amounts on consolidated financial statements**
<b>For 2016</b>						
Net sales:						
External customers.....	\$2,663,327	\$377,602	\$ 76,398	\$3,117,327	\$ —	\$3,117,327
Intersegment .....	18	433	77,770	78,221	(78,221)	—
Total .....	2,663,345	378,035	154,168	3,195,548	(78,221)	3,117,327
Segment income (loss).....	433,460	(16,150)	(1,009)	416,301	(43,124)	373,177
Segment assets .....	1,681,372	400,168	175,301	2,256,841	1,003,814	3,260,655
Others						
Depreciation .....	59,150	20,425	3,911	83,486	2,425	85,911
Amortization of goodwill.....	—	97	—	97	—	97
Investment to entities accounted for using equity method .....	—	—	22,212	22,212	—	22,212
Increase in property, plant and equipment and intangible assets.....	63,522	26,363	2,425	92,310	4,017	96,327

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## Notes to Consolidated Financial Statements

	Reportable segments				Adjustments*	Millions of Yen	
	Consumer	System Equipment	Others	Total		Amounts on consolidated financial statements**	
For 2015							
Net sales:							
External customers.....	¥287,113	¥40,848	¥10,428	¥338,389	¥ —	¥338,389	
Intersegment.....	4	36	8,181	8,221	(8,221)	—	
Total.....	287,117	40,884	18,609	346,610	(8,221)	338,389	
Segment income (loss).....	47,130	(5,692)	(219)	41,219	(4,456)	36,763	
Segment assets.....	199,604	47,342	23,677	270,623	104,033	374,656	
Others							
Depreciation.....	5,688	2,445	517	8,650	177	8,827	
Amortization of goodwill.....	—	12	—	12	—	12	
Investment to entities accounted for using equity method.....	—	—	2,460	2,460	—	2,460	
Increase in property, plant and equipment and intangible assets.....	6,093	3,047	268	9,408	259	9,667	

\* Adjustments are as shown below:

- Downward adjustments to segment income (loss) for the years ended March 31, 2016 and 2015 are ¥4,873 million (\$43,124 thousand) and ¥4,456 million, respectively. These amounts include corporate expenses that are not allocated to any reportable segments of ¥4,873 million (\$43,124 thousand) and ¥4,456 million, respectively. Corporate expenses principally consist of administrative expenses of the parent company and R&D expenses for fundamental research, which are not attributable to any reportable segments.
- Adjustments to segment assets for the years ended March 31, 2016 and 2015 are ¥113,431 million (\$1,003,814 thousand) and ¥104,033 million, respectively. These amounts include corporate assets that are not allocated to any reportable segments of ¥113,886 million (\$1,007,841 thousand) and ¥104,489 million, respectively.
- Adjustments to depreciation for the years ended March 31, 2016 and 2015 are ¥274 million (\$2,425 thousand) and ¥177 million, respectively. These amounts consist of depreciation of assets related to administrative divisions that are not attributable to any reportable segments.
- Adjustments to the increase in property, plant and equipment and intangible assets for the years ended March 31, 2016 and 2015 are ¥454 million (\$4,017 thousand) and ¥259 million, respectively. These amounts consist of capital expenditures in administrative divisions that are not attributable to any reportable segments.

\*\* Segment income (loss) is reconciled with operating income in the consolidated financial statements.

## (4) Information about geographic areas

For 2016	Millions of Yen					
	Japan	North America	Europe	Asia	Others	Total
Net sales.....	¥110,594	¥47,166	¥51,714	¥99,085	¥43,699	¥352,258

For 2016	Thousands of U.S. Dollars (Note 1)					
	Japan	North America	Europe	Asia	Others	Total
Net sales.....	\$978,708	\$417,398	\$457,646	\$876,858	\$386,717	\$3,117,327

For 2015	Millions of Yen					Total
	Japan	North America	Europe	Asia	Others	
Net sales.....	¥106,191	¥43,584	¥51,443	¥96,502	¥40,669	¥338,389

(Note): Sales are classified by country or region where customers are located.

For 2016	Millions of Yen					
	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment.....	¥52,396	¥1,028	¥431	¥6,944	¥83	¥60,882

For 2016	Thousands of U.S. Dollars (Note 1)					
	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment.....	\$463,682	\$9,097	\$3,814	\$61,451	\$735	\$538,779

For 2015	Millions of Yen					
	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment.....	¥52,900	¥1,138	¥481	¥7,697	¥85	¥62,301

## (5) Information on impairment loss of non-current assets for each reportable segment

For 2016	Millions of Yen				
	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment loss.....	¥—	¥743	¥16	¥288	¥1,047

For 2016	Thousands of U.S. Dollars (Note 1)				
	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment loss.....	\$—	\$6,575	\$141	\$2,549	\$9,265

For 2015	Millions of Yen				
	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment loss.....	¥—	¥1,485	¥1	¥836	¥2,322



## Notes to Consolidated Financial Statements

## (6) Information on amortization of goodwill and unamortized balance in each reportable segment

Millions of Yen

	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
<b>For 2016</b>					
Goodwill					
Balance at the end of the reporting year ..	¥—	¥45	¥—	¥—	¥45

Thousands of U.S. Dollars (Note 1)

	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
<b>For 2016</b>					
Goodwill					
Balance at the end of the reporting year ..	\$—	\$398	\$—	\$—	\$398

Millions of Yen

	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
<b>For 2015</b>					
Goodwill					
Balance at the end of the reporting year ..	¥—	¥56	¥—	¥—	¥56

(Note): Disclosure of the amount of goodwill amortization has been omitted as it is disclosed in the segment information above.

## 14. Contingent Liabilities

At March 31, 2016 and 2015, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥1,193 million (\$10,558 thousand) and ¥1,926 million, respectively.

## 15. Impairment Loss

## For 2016

The Group posts impairment loss.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, leased assets, software etc.	Hachioji City, Tokyo; Iruma City, Saitama Pref. and others
Idle assets	Land, buildings and structures	Yamagata City, Yamagata Pref.; Ashiya City, Hyogo Pref. and others

With respect to business assets, the Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation, and idle assets are managed on an individual basis.

The Group has applied impairment accounting to business assets whose values are deemed to have significantly declined due to the deteriorating business environment and idle assets to make optimal use of these assets in the future. Book value of these assets has been reduced to recoverable amounts and the reduced amount of ¥1,047 million (\$9,265 thousand) is recognized as "impairment loss."

The breakdown of the losses is: ¥135 million (\$1,195 thousand) for tools, furniture and fixtures, ¥293 million (\$2,593 thousand) for land, ¥310 million (\$2,743 thousand) for leased assets, ¥291 million (\$2,575 thousand) for software, and ¥18 million (\$159 thousand) for others.

Recoverable amounts are estimated using net selling prices which are reasonably estimated. Recoverable amounts for land are calculated based on publicly assessed value, etc., and those for assets other than land are based on estimated disposal values.

For 2015:

The Group posts impairment loss.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, leased assets, etc.	Iruma City, Saitama Pref. and others
Idle assets	Land, buildings and structures	Kawaguchi City, Saitama Pref.; Ome City, Tokyo, and others

With respect to business assets, the Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation, and idle assets are managed on an individual basis.

The Group has applied impairment accounting to business assets whose values are deemed to have significantly declined due to the deteriorating business environment and idle assets to make optimal use of these assets in the future. Book value of these assets has been reduced to recoverable amounts and the reduced amount of ¥2,322 million is recognized as "impairment loss."

The breakdown of the losses is: ¥424 million for buildings and structures, ¥313 million for tools, furniture and fixtures, ¥450 million for land, ¥949 million for leased assets and ¥186 million for others.

Recoverable amounts are measured using reasonable estimates of net selling price that involves information including real estate appraisal value for land, buildings and structures, and estimated disposal value for all other assets.

## 16. Subsequent Events

## Appropriation of retained earnings

At the annual shareholders' meeting held on June 29, 2016, the Company's shareholders approved the payment of a cash dividend of ¥22.50 (\$0.20) per share aggregating ¥5,767 million (\$51,035 thousand) to registered shareholders as of March 31, 2016.

## Independent Auditor's Report

### To the Board of Directors of CASIO COMPUTER Co., Ltd.:

We have audited the accompanying consolidated financial statements of CASIO COMPUTER Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2016 and 2015, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CASIO COMPUTER Co., Ltd. and its consolidated subsidiaries as at March 31, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

### Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

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## Principal Subsidiaries

(As of March 31, 2016)

### Overseas Subsidiaries

#### Europe

##### Casio Europe GmbH

F.R. Germany  
Sales of Casio products

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

U.K.  
Sales of Casio products

##### Casio France S.A.

France  
Sales of Casio products

##### Casio Benelux B.V.

The Netherlands  
Sales of Casio products

##### Casio Scandinavia AS

Norway  
Sales of Casio products

##### Casio Espana, S.L.

Spain  
Sales of Casio products

##### Limited Liability Company Casio

Russia  
Sales of Casio products

##### Casio Italia S.r.l.

Italy  
Sales of Casio products

#### Asia

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

Hong Kong  
Production of electronic  
calculators

##### Casio Taiwan Co., Ltd.

Taiwan  
Sales of Casio products

##### Casio Singapore Pte., Ltd.

Singapore  
Sales of Casio products

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

India  
Sales of Casio products

##### Casio Electronic Technology (Zhongshan) Co., Ltd.

The People's Republic of China  
Production of electronic  
calculators, electronic dictionaries  
and electronic musical instruments

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

The People's Republic of China  
Design and production of  
electronic timepieces

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

The People's Republic of China  
Sales of electronic timepieces

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

Thailand  
Production of electronic  
timepieces

##### Casio (China) Co., Ltd.

The People's Republic of China  
Sales of Casio products

##### Casio Malaysia, Sdn. Bhd.

Malaysia  
Sales of Casio products

#### Americas

##### Casio America, Inc.

U.S.A.  
Sales of Casio products

##### Casio Canada Ltd.

Canada  
Sales of Casio products

##### Casio Holdings, Inc.

U.S.A.  
Holding company

##### Casio Brasil Comercio de Produtos Eletronicos Ltda.

Brazil  
Sales of Casio products

##### Casio Mexico Marketing, S. de R. L. de C.V.

Mexico  
Sales of Casio products

#### Middle East

##### Casio Middle East FZE

U.A.E.  
Sales of Casio products

#### Domestic Subsidiaries

##### Yamagata Casio Co., Ltd.

Production of digital cameras,  
electronic timepieces and system  
equipment

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

Development and production of  
page printers

##### Casio Techno Co., Ltd.

Customer service for Casio  
products

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

Sales of system equipment

##### CXD NEXT Co., Ltd.

Electronic settlements and support  
services for retail stores utilizing  
Casio's electronic cash registers

##### Casio Human Systems Co., Ltd.

Sales of software for system  
equipment

(Total: 42 consolidated subsidiaries and 2 equity-  
method affiliates)

## Corporate Data

(As of March 31, 2016)

- Established:** June 1957
- Paid-in Capital:** ¥48,592 million
- Employees:** 11,322
- Home Page Address:** <http://world.casio.com/>

### Domestic Offices

#### Head Office

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

#### IR Department

Tel: (03) 5334-4803

### R&D Centers

#### Hamura Research & Development Center

2-1, Sakae-cho 3-chome  
Hamura City, Tokyo 205-8555  
Tel: (042) 579-7111

#### Hachioji Research & Development Center

2951-5, Ishikawa-cho,  
Hachioji City, Tokyo 192-8556  
Tel: (042) 639-5111

### Overseas Offices

#### Casio America, Inc.

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

#### Casio Europe GmbH

Casio-Platz 1 22848  
Norderstedt, F.R. Germany  
Tel: 040-528-65-0

## Investor Information

(As of March 31, 2016)

### Stock Exchange Listings

Tokyo

### Transfer Agent

Sumitomo Mitsui Trust Bank, Limited

### Number of Shares

Authorized: 471,693,000 shares  
Issued: 269,020,914 shares

### Number of Shareholders

36,232

### Principal Shareholders

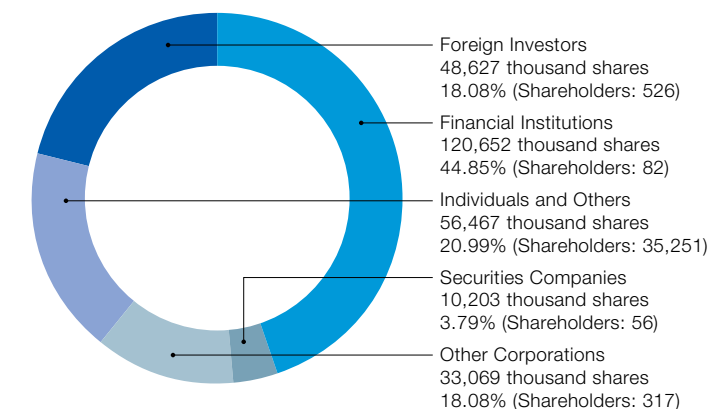
	Shareholdings (Thousands of shares)	Outstanding shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,697	8.07
Japan Trustee Services Bank, Ltd. (Trust Account)	18,982	7.41
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited ReTrust Portion / Sumitomo Mitsui Banking Corp. Pension Trust Account)	13,365	5.21
Nippon Life Insurance Company	12,985	5.07
Casio Bros. Corp.	10,000	3.90
Sumitomo Mitsui Banking Corp.	6,686	2.61
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,205	1.64
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,097	1.60
CASIO SCIENCE PROMOTION FOUNDATION	3,350	1.31
Takashi Kashio	3,282	1.28

Notes: 1. Outstanding shares are calculated after deduction of treasury shares (12,689,923).  
2. Sumitomo Mitsui Trust Bank, Limited reserves the right to exercise the voting rights for 6,365 thousand of the shares held by Japan Trustee Services Bank, Ltd. (shares re-entrusted by Sumitomo Mitsui Trust Bank, Limited; Sumitomo Mitsui Trust Bank, Limited Retirement Benefits Account)

### Share Price



### Breakdown of Shareholders



# CASIO COMPUTER CO., LTD.

6-2, Hon-machi 1-chome, Shibuya-ku, Tokyo 151-8543, Japan  
<http://world.casio.com/>