

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
For the year:					
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
At year-end:					
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
Amounts per share of common shares (in yen):					
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)	(—)	(—)
Performance indicators:					
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
Other:					
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
Current assets:			
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
Total current assets	250,237	244,614	2,214,487
Property, plant and equipment:			
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)
Net property, plant and equipment	60,882	62,301	538,779
Investments and other assets:			
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)
Total investments and other assets	57,335	67,741	507,389
Total assets	¥368,454	¥374,656	\$3,260,655

See accompanying notes.

Liabilities and Net Assets	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Current liabilities:			
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
Total current liabilities	79,568	82,306	704,142
Non-current liabilities:			
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
Total non-current liabilities	86,775	88,192	767,920
Contingent liabilities (Note 14)			
Net assets (Note 11):			
Shareholders' equity			
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)
Total shareholders' equity	193,400	182,956	1,711,504
Accumulated other comprehensive income			
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
Total accumulated other comprehensive income	8,711	21,202	77,089
Total net assets	202,111	204,158	1,788,593
Total liabilities and net assets	¥368,454	¥374,656	\$3,260,655

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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
Net sales (Note 13)	¥352,258	¥338,389	\$3,117,327
Costs and expenses (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
	310,089	301,626	2,744,150
Operating income (Note 13)	42,169	36,763	373,177
Other income (expenses):			
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)
	(1,505)	(2,543)	(13,319)
Profit before income taxes	40,664	34,220	359,858
Income taxes (Note 9):			
Current	6,940	5,347	61,416
Deferred	2,530	2,446	22,389
	9,470	7,793	83,805
Profit	31,194	26,427	276,053
Profit attributable to non-controlling interests	—	27	—
Profit attributable to owners of parent	¥ 31,194	¥ 26,400	\$ 276,053
Amounts per share of common shares:			
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
Profit	¥ 31,194	¥26,427	\$ 276,053
Other comprehensive income:			
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	(12,491)	12,201	(110,540)
Comprehensive income	¥ 18,703	¥38,628	\$ 165,513
Comprehensive income attributable to:			
Owners of parent	¥ 18,703	¥38,601	\$ 165,513
Non-controlling interests	—	27	—

Reclassification Adjustments and Tax Effects for Other Comprehensive Income	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	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	(3,611)	5,057	(31,956)
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	(4,414)	1,896	(39,062)
Share of other comprehensive income of entities accounted for using equity method			
Increase (decrease) during period	0	(0)	0
Total other comprehensive income	¥(12,491)	¥12,201	\$(110,540)

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
Balance at April 1, 2014	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
Balance at April 1, 2015	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)
Balance at March 31, 2016	269,020,914	¥48,592	¥65,058	¥100,041	¥(20,291)	¥ 7,781	¥ —	¥(1,844)	¥ 2,774	¥ —	¥202,111

	Thousands of U.S. Dollars (Note 1)										
Balance at April 1, 2015		\$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)
Balance at March 31, 2016		\$430,018	\$575,734	\$885,318	\$(179,566)	\$ 68,858	\$—	\$(16,318)	\$ 24,549	\$—	\$1,788,593

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
Cash flows from operating activities			
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)
Subtotal	37,369	35,873	330,699
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)
Net cash provided by (used in) operating activities	32,710	30,755	289,469
Cash flows from investing activities			
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)
Net cash provided by (used in) investing activities	8,159	(10,668)	72,204

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Cash flows from financing activities			
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)
Net cash provided by (used in) financing activities	(21,673)	(30,629)	(191,797)
Effect of exchange rate change on cash and cash equivalents	(1,876)	7,150	(16,602)
Net increase (decrease) in cash and cash equivalents	17,320	(3,392)	153,274
Cash and cash equivalents at beginning of period (Note 3)	110,737	114,129	979,974
Cash and cash equivalents at end of period (Note 3)	¥128,057	¥ 110,737	\$1,133,248

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
Assets			
[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	¥ —
Liabilities			
[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
Assets			
[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	\$ —
Liabilities			
[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
Assets			
[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	¥ —
Liabilities			
[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
For 2016				
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	—	—	—
Total.....	¥170,091	¥—	¥—	¥—

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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.

Notes to Consolidated Financial Statements

(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

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(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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(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**
For 2016						
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**
For 2016						
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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	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

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(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
For 2016					
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
For 2016					
Goodwill					
Balance at the end of the reporting year ..	\$—	\$398	\$—	\$—	\$398

Millions of Yen

	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
For 2015					
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