

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

May 11, 2016

Company Name: **CASIO COMPUTER CO., LTD.**

(URL <http://casio.jp/>)

Stock Exchange Listings: Tokyo

Code Number: 6952

President and COO: Kazuhiro Kashio

Inquiries: Akinori Takagi, Senior Executive Managing Officer

Tel: (03) 5334-4852

Annual shareholders' meeting (scheduled): June 29, 2016

Start of distribution of dividends (scheduled): June 30, 2016

Filing of Securities Report (*Yuka Shoken Hokokusho*) (scheduled): June 29, 2016

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the year: Yes

Note: The original disclosure in Japanese was released on May 11, 2016 at 15:00 (GMT+9).

(Monetary amounts are rounded to the nearest million yen.)

## 1. Consolidated Financial Results for the year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

### (1) Operating Results

(Percentages indicate changes compared to the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Year ended March 31, 2016	352,258	4.1	42,169	14.7	41,069	8.5	31,194	18.2
Year ended March 31, 2015	338,389	5.2	36,763	38.3	37,857	47.1	26,400	65.1

(Note) Comprehensive income: Year ended March 31, 2016: 18,703 million yen (51.6) %  
Year ended March 31, 2015: 38,628 million yen 60.5 %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)	Profit/Equity	Ordinary income/Total assets	Operating income/Net sales
			%	%	%
Year ended March 31, 2016	119.72	117.50	15.4	11.1	12.0
Year ended March 31, 2015	100.08	98.77	13.6	10.2	10.9

(Reference) Share of profit of entities accounted for using equity method: Year ended March 31, 2016: 53 million yen  
Year ended March 31, 2015: 68 million yen

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
			%	
As of March 31, 2016	368,454	202,111	54.9	788.47
As of March 31, 2015	374,656	204,158	54.5	781.20

(Reference) Equity: As of March 31, 2016: 202,111 million yen  
As of March 31, 2015: 204,158 million yen

### (3) Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended March 31, 2016	32,710	8,159	(21,673)	128,057
Year ended March 31, 2015	30,755	(10,668)	(30,629)	110,737

## 2. Dividends

	Dividends per share (Yen)					Total dividends payment (Millions of yen)	Payout ratio (Consolidated)	Dividends/ Net assets (Consolidated)
	June 30	September 30	December 31	March 31	Total			
Year ended March 31, 2015	-	12.50	-	22.50	35.00	9,145	% 35.0	% 4.8
Year ended March 31, 2016	-	17.50	-	22.50	40.00	10,341	33.4	5.1
Year ending March 31, 2017 (Forecast)	-	20.00	-	20.00	40.00		31.1	

## 3. Consolidated Results Forecasts for Fiscal 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

(Percentages indicate changes compared to the corresponding periods of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
First Half	175,000	0.6	22,500	4.0	22,000	1.2	15,500	0.6	60.47
Fiscal 2017	370,000	5.0	48,000	13.8	46,000	12.0	33,000	5.8	128.74

### Notes

(1) Changes in significant subsidiaries (Changes in scope of consolidation): No

Newly included: -

Excluded: -

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatements

(a) Changes in accounting policies due to revision of accounting standards: Yes

(b) Changes in accounting policies other than (a) above: No

(c) Changes in accounting estimates: No

(d) Retrospective restatements: No

(3) Number of shares outstanding (common shares)

(a) Number of shares outstanding (including treasury shares):

As of March 31, 2016: 269,020,914 shares

As of March 31, 2015: 269,020,914 shares

(b) Number of treasury shares:

As of March 31, 2016: 12,688,923 shares

As of March 31, 2015: 7,681,689 shares

(c) Average number of shares outstanding

Year ended March 31, 2016: 260,566,288 shares

Year ended March 31, 2015: 263,784,394 shares

### Statement on the Implementation Status of Audit Procedures

This report of consolidated financial results is outside the scope of audit procedures based on Japan's Financial Instruments and Exchange Law. At the time of publication of this report, the company has not yet completed the audit procedures of the consolidated financial statements based on the Financial Instruments and Exchange Law.

### Proper Use of Business Results Forecasts and Other Notes

(Caution Concerning Forward-looking Statements)

- The forward-looking statements contained in these materials, including business results forecasts, are based on information currently available to the company and on certain assumptions deemed to be reasonable, and are not intended to be construed as assurance that they will be accomplished in the future. Actual business results may differ substantially due to a number of factors. Please refer to (1) Analysis of Operating Results included in 1. Analysis of Operating Results and Financial Position on page 4 for the conditions that form the assumptions for business results and cautions concerning the use of business results forecasts.
- The supplementary explanatory materials for the financial results are published on the company's official website on May 11, 2016.

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# 1. Analysis of Operating Results and Financial Position

## (1) Analysis of Operating Results

### Operating Results for Fiscal 2016

In fiscal 2016, uncertainty remained over the future outlook both in Japan and overseas due to the increasing risk of a downturn in the global economy as a result of a slowdown in emerging countries, sharp currency fluctuations, and a drop in resource prices, although the US economy remained robust.

In this situation, consolidated net sales for fiscal 2016 rose 4.1% year-on-year to ¥352.2 billion. By segment, sales stood at ¥300.9 billion in the Consumer segment, ¥42.6 billion in the System Equipment segment and ¥8.6 billion in the Others segment.

In the timepiece business, sales of the high-end G-SHOCK and OCEANUS lines, including GPS hybrid radio-controlled solar-powered watches, remained strong in Japan and overseas, in part due to penetration into high-end retail stores, driving growth in overall sales. Sales of the EDIFICE model which connects to a smartphone via Bluetooth® also continued to be favorable. In the projector business, sales increased due to an expanded lineup of original projectors with a semiconductor light source.

In income for fiscal 2016, the Consumer segment posted ¥48.9 billion in operating income. The improved product mix in the timepiece business helped spur income growth in this segment. 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. Buoyed by substantial income growth in projectors, the System Equipment segment recorded a smaller operating loss of only ¥1.8 billion, and the Others segment posted an operating loss of ¥0.1 billion.

As a result, Casio posted ¥42.1 billion in consolidated operating income, up 14.7% year-on-year, allowing for adjustment. Casio recorded ¥41.0 billion in ordinary income, up 8.5% year-on-year, and ¥31.1 billion in profit attributable to owners of parent, up 18.2% year-on-year. Earnings per share (EPS) stood at ¥119.72, up 19.6% over the previous year, setting a record high for the second consecutive fiscal year.

### Forecasts

Given the unpredictable economic outlook, Casio will actively develop global markets for products which make the most of the company's original technology, as it seeks to significantly improve business performance. The main strategies for achieving this are as below.

- (a) In the timepiece business, Casio will continue to pursue higher added value by expanding its lineup of high-performance metal analog watches with high price points. These include hybrid watches featuring GPS and radio-control as well as models capable of connecting to smartphones with Bluetooth®. Casio will also further strengthen its six main watch brands, including G-SHOCK, to continue growing this business and maintain high profitability.
- (b) In the education products business, Casio will continue growing the business and maintain high profitability with full-featured devices for English language learning for adults, full-scale pianos and keyboards with high price points, and country-specific scientific calculators.
- (c) In the system equipment business, Casio will grow the business and improve profitability with its original projectors with a semiconductor light source.
- (d) In new businesses, Casio will expand business and contribute to revenue by expanding its lineup of wrist devices and others.
- (e) In all businesses, Casio will seek to increase sales outside of Japan.

Currently, the forecasts for fiscal 2017 are as follows.

(Consolidated results forecasts)

Net sales: ¥370.0 billion (up 5.0% year-on-year)

Operating income: ¥48.0 billion (up 13.8% year-on-year)

Ordinary income: ¥46.0 billion (up 12.0% year-on-year)

Profit attributable to owners of parent: ¥33.0 billion (up 5.8% year-on-year)

Exchange rates for fiscal 2017 are estimated at US\$ 1 = ¥110 and Euro 1 = ¥125.

## **(2) Analysis of Financial Position**

Total assets on a consolidated basis at the end of fiscal 2016 stood at ¥368.4 billion, down ¥6.2 billion compared to the end of the previous fiscal year, owing to a decrease in investment securities. Net assets decreased ¥2.0 billion to ¥202.1 billion compared to the end of the previous fiscal year, mainly due to the acquisition of treasury shares. As a result, the equity ratio improved 0.4 points compared to the end of the previous fiscal year to 54.9%.

Net cash provided by operating activities was ¥32.7 billion, net cash provided by investing activities was ¥8.1 billion, and net cash used in financing activities was ¥21.6 billion. As a result, consolidated cash and cash equivalents at the end of fiscal 2016 stood at ¥128.0 billion, ensuring adequate liquid funds.

Casio will continue to pursue effective management of its business assets, aiming to build a stable and strong financial structure.

## **(3) Basic Policy on Allocation of Profit and Dividends for Fiscal 2016 and 2017**

Casio has positioned the maintenance and expansion of returns for all of its shareholders as an important management issue. The company's dividend policy is based on maintaining stable dividends, and Casio decides the allocation of profit by taking into account all factors such as profit levels, financial position, the dividend payout ratio, and future business forecasts.

Based on the policy outlined above, Casio plans to increase the annual dividend by ¥5 from the ¥35 per share paid in the previous fiscal year to ¥40 per share. Casio plans to pay dividends of ¥40 per share for fiscal 2017.

## **(4) Business Risks**

The main risks that may affect Casio's business performance, financial position and share price are described below. Casio endeavors to prevent the occurrence of these risks and to respond when they do occur. Information on risks is current as of the end of the fiscal year under review.

- (a) Personal consumption trends in each country of the world
- (b) Sharp price fluctuations in the short term
- (c) Inability to launch popular new products on a timely and regular basis
- (d) Strategy changes, product specification changes, and order cancellations by major customers, and schedule changes to and cancellations of major orders
- (e) Obsolescence of Casio's products due to rapid technological change and radical change of market needs, etc.
- (f) Overseas political and economic conditions and unexpected changes in regulations and applications of legislation
- (g) A view that Casio's potential products or technology infringes the intellectual property rights of another company
- (h) The loss of social trust and liability for damages due to data leaks
- (i) Foreign exchange risk and interest rate risk
- (j) The occurrence of a disaster related to the environment, such as fire or earthquake, or of an accident in operations
- (k) Social unrest due to factors such as war, terrorism or infectious disease

## 2. The Casio Group

The Casio Group consists of Casio Computer Co., Ltd., and its 42 consolidated subsidiaries and 2 entities accounted for using equity method, as of March 31, 2016. The business activities of these companies range from development and production to sales and service in the Consumer, System Equipment and Others segments.

The Casio Group's development efforts are primarily the responsibility of Casio Computer Co., Ltd., which conducts basic research and development, and also develops new products and new production technologies. Further development of production technologies is largely conducted by the companies involved in production.

In terms of production, Casio Computer Co., Ltd., supplies production subsidiaries with primary components. They carry out fabrication and processing of products using these main components and other components they procure, and then supply the respective products to Casio Computer Co., Ltd.

The main production subsidiaries by business segment are shown below.

Segment	Principal products	Main production subsidiaries
Consumer	Watches Clocks Electronic dictionaries Electronic calculators Label printers Electronic musical instruments Digital cameras, etc.	Yamagata Casio Co., Ltd. Casio Computer (Hong Kong) Ltd. Casio Electronics (Shenzhen) Co., Ltd. Casio Electronic Technology (Zhongshan) Co., Ltd. Casio (Thailand) Co., Ltd.
System Equipment	Handheld terminals Electronic cash registers Office computers Page printers Data projectors, etc.	Yamagata Casio Co., Ltd. Casio Electronic Manufacturing Co., Ltd.
Others	Molds, etc.	Yamagata Casio Co., Ltd.

In domestic sales, consumer products are mainly marketed through distributors. Moreover, Casio Computer Co., Ltd., sells system equipment directly to some customers, such as central and local government offices, although some sales of system equipment are conducted through sales affiliates in leading regions and distributors. Overseas, the company sells its products through direct or indirect export by Casio America, Inc. and other companies to North America, by Casio Electronics Co., Ltd., Casio Europe GmbH, Casio France S.A. and other companies to Europe, by Casio (China) Co., Ltd. and other companies to Asia, and through distributors to other regions.

Casio Techno Co., Ltd., mainly carries out maintenance and service for the Group's products.

### **3. Management Policy**

#### **(1) Basic Management Policy of the Company**

Since Casio's foundation, its corporate creed has been "Creativity and Contribution." Casio's mission is to pursue growth as a company and increase corporate value by contributing to society. The company is accomplishing this by introducing innovative ideas going from 0 to 1, and outstanding solutions based on its proprietary advanced technologies.

Casio will continue to deliver the values of "function, quality, economy, speed, productivity, ethics, safety, and compatibility with the environment" in its products and services. In the months and years ahead, the company looks forward to providing all of its stakeholders with more "excitement" than they anticipate, and greater "inspiration" than ever before.

#### **(2) Medium- and Long-Term Management Strategy and Issues to Be Addressed**

Casio is continuing to improve global cost competitiveness in every business to build a robust earnings base that will allow the company to secure high profits. By vigorously promoting the company's medium-term plan, Casio seeks to maximize corporate value.

Furthermore, along with strengthening its financial structure Casio also recognizes that even better performance in the area of corporate social responsibility (CSR) is an important issue. To achieve these aims, Casio is working as one to execute the following strategies.

##### **(a) Creating New Genres**

Casio will develop new product genres that generate high profitability in each business. This will be accomplished by integrating Casio's unique technology with its product planning skills, which pinpoint the market's changing needs.

##### **(b) Creating New Strategic Businesses**

In the past, Casio has drawn on unique ideas and advanced technology to bring the world a range of exciting new products. To achieve steady growth in the future, Casio is determined not only to succeed in existing businesses, but also to create value in new business fields—which leverage Casio technologies. In order to achieve this, Casio will focus its management resources on new business fields even more than in the past, with the aim of quickly establishing businesses that can realize a stable highly profitable structure.

##### **(c) Strengthening the Financial Structure**

Casio is moving ahead strongly with improvements in its equity ratio and debt/equity (D/E) ratio with the aim of strengthening its financial foundations for future growth. Casio is also working to make sustainable improvements in its return on equity (ROE) ratio by significantly increasing income and augmenting shareholder returns. In addition, Casio recognizes that securing financial liquidity is a key financial priority for the growth funds needed for future business expansion and future repayment of interest-bearing liabilities. Casio will continue to strive to generate free cash flow, aiming to build a strong and stable financial structure.

##### **(d) CSR-focused Management**

Casio strives to increase its corporate value by actively engaging in CSR-focused management to fulfill the social role of a responsible corporation, which is to contribute to the development of a sustainable society.

Based on the Charter of Creativity for Casio, which articulates the code of conduct for employees, Casio takes a global perspective as it seeks to ensure that its businesses help to resolve diverse social issues, including preserving the global environment and biodiversity, fostering the next generation and respecting human rights, and complying with laws and regulations and maintaining social order.

Through the execution of the four strategies described above, Casio seeks to deliver original products and services with high added value, increase corporate value, and contribute to the building of a society of abundant creativity.

#### **4. Basic Concept on Selection of Accounting Standard**

Casio uses Japanese GAAP for the preparation of its consolidated financial statements in view of comparability for the period covered by the consolidated financial statements and inter-company comparability.

The Group's policy is to respond to the application of IFRS in an appropriate manner, taking into account a variety of circumstances inside and outside Japan.



## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	82,806	66,648
Notes and accounts receivable-trade	45,869	47,843
Securities	32,144	55,600
Finished goods	41,064	43,082
Work in process	7,258	6,943
Raw materials and supplies	7,629	7,751
Deferred tax assets	7,621	6,732
Short-term loans receivable with resale agreement	11,760	6,154
Other	8,983	9,985
Allowance for doubtful accounts	(520)	(501)
<b>Total current assets</b>	<b>244,614</b>	<b>250,237</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	62,637	60,097
Accumulated depreciation	(44,586)	(43,213)
Buildings and structures, net	18,051	16,884
Machinery, equipment and vehicles	13,926	14,057
Accumulated depreciation	(11,004)	(11,042)
Machinery, equipment and vehicles, net	2,922	3,015
Tools, furniture and fixtures	34,783	35,484
Accumulated depreciation	(31,183)	(31,857)
Tools, furniture and fixtures, net	3,600	3,627
Land	36,492	36,091
Leased assets	2,902	3,050
Accumulated depreciation	(1,938)	(2,041)
Leased assets, net	964	1,009
Construction in progress	272	256
Total property, plant and equipment	62,301	60,882
Intangible assets	6,252	6,309
Investments and other assets		
Investment securities	42,140	34,407
Net defined benefit asset	14,138	9,113
Deferred tax assets	2,254	4,644
Other	3,031	2,933
Allowance for doubtful accounts	(74)	(71)
Total investments and other assets	61,489	51,026
<b>Total non-current assets</b>	<b>130,042</b>	<b>118,217</b>
<b>Total assets</b>	<b>374,656</b>	<b>368,454</b>

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	35,135	34,542
Short-term loans payable	250	260
Accounts payable-other	23,843	21,483
Accrued expenses	13,500	13,045
Income taxes payable	3,208	4,334
Provision for product warranties	778	779
Other	5,592	5,125
<b>Total current liabilities</b>	82,306	79,568
<b>Non-current liabilities</b>		
Bonds with subscription rights to shares	10,043	10,033
Long-term loans payable	67,000	67,000
Deferred tax liabilities	1,543	1,441
Net defined benefit liability	1,219	1,338
Other	8,387	6,963
<b>Total non-current liabilities</b>	88,192	86,775
<b>Total liabilities</b>	170,498	166,343
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	48,592	48,592
Capital surplus	65,058	65,058
Retained earnings	79,301	100,041
Treasury shares	(9,995)	(20,291)
<b>Total shareholders' equity</b>	182,956	193,400
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,392	7,781
Foreign currency translation adjustment	2,622	(1,844)
Remeasurements of defined benefit plans	7,188	2,774
<b>Total accumulated other comprehensive income</b>	21,202	8,711
<b>Total net assets</b>	204,158	202,111
<b>Total liabilities and net assets</b>	374,656	368,454

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****Consolidated Statements of Income**

(Millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
<b>Net sales</b>	338,389	352,258
Cost of sales	190,706	199,251
<b>Gross profit</b>	147,683	153,007
Selling, general and administrative expenses	110,920	110,838
<b>Operating income</b>	36,763	42,169
Non-operating income		
Interest income	609	533
Dividend income	492	612
Foreign exchange gains	1,337	-
Other	361	308
Total non-operating income	2,799	1,453
Non-operating expenses		
Interest expenses	888	442
Foreign exchange losses	-	1,681
Loss on valuation of interest swaps	282	-
Other	535	430
Total non-operating expenses	1,705	2,553
<b>Ordinary income</b>	37,857	41,069
Extraordinary income		
Gain on sales of investment securities	120	1,313
Other	5	22
Total extraordinary income	125	1,335
Extraordinary losses		
Loss on retirement of non-current assets	1,411	488
Impairment loss	2,322	1,047
Loss on sales of investment securities	-	205
Other	29	-
Total extraordinary losses	3,762	1,740
<b>Profit before income taxes</b>	34,220	40,664
Income taxes-current	5,347	6,940
Income taxes-deferred	2,446	2,530
Total income taxes	7,793	9,470
<b>Profit</b>	26,427	31,194
<b>Profit attributable to non-controlling interests</b>	27	-
<b>Profit attributable to owners of parent</b>	26,400	31,194

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
<b>Profit</b>	26,427	31,194
Other comprehensive income		
Valuation difference on available-for-sale securities	5,057	(3,611)
Deferred gains or losses on hedges	49	-
Foreign currency translation adjustment	5,199	(4,466)
Remeasurements of defined benefit plans	1,896	(4,414)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	12,201	(12,491)
<b>Comprehensive income</b>	38,628	18,703
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	38,601	18,703
Comprehensive income attributable to non-controlling interests	27	-

### (3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	48,592	65,703	70,447	(8,603)	176,139
Changes of items during period					
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		(722)	(10,248)	10,970	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(645)	8,854	(1,392)	6,817
Balance at end of current period	48,592	65,058	79,301	(9,995)	182,956

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,335	(49)	(2,577)	5,292	9,001	116	185,256
Changes of items during period							
Dividends of surplus							(7,298)
Profit attributable to owners of parent							26,400
Purchase of treasury shares							(12,515)
Disposal of treasury shares							230
Retirement of treasury shares							-
Net changes of items other than shareholders' equity	5,057	49	5,199	1,896	12,201	(116)	12,085
Total changes of items during period	5,057	49	5,199	1,896	12,201	(116)	18,902
Balance at end of current period	11,392	-	2,622	7,188	21,202	-	204,158

Year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	48,592	65,058	79,301	(9,995)	182,956
Changes of items during period					
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
Retirement of treasury shares		-	-	-	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	20,740	(10,296)	10,444
Balance at end of current period	48,592	65,058	100,041	(20,291)	193,400

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	11,392	-	2,622	7,188	21,202	-	204,158
Changes of items during period							
Dividends of surplus							(10,454)
Profit attributable to owners of parent							31,194
Purchase of treasury shares							(10,297)
Disposal of treasury shares							1
Retirement of treasury shares							-
Net changes of items other than shareholders' equity	(3,611)	-	(4,466)	(4,414)	(12,491)	-	(12,491)
Total changes of items during period	(3,611)	-	(4,466)	(4,414)	(12,491)	-	(2,047)
Balance at end of current period	7,781	-	(1,844)	2,774	8,711	-	202,111

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
<b>Cash flows from operating activities</b>		
Profit before income taxes	34,220	40,664
Depreciation	8,827	9,708
Impairment loss	2,322	1,047
Loss (gain) on sales and retirement of non-current assets	1,406	466
Loss (gain) on sales of investment securities	(120)	(1,108)
Increase (decrease) in net defined benefit liability	233	196
Interest and dividend income	(1,101)	(1,145)
Interest expenses	888	442
Foreign exchange losses (gains)	(1,373)	(1,450)
Share of (profit) loss of entities accounted for using equity method	(68)	(53)
Decrease (increase) in notes and accounts receivable-trade	5,692	(2,690)
Decrease (increase) in inventories	(5,691)	(3,750)
Increase (decrease) in notes and accounts payable-trade	(5,598)	(61)
Decrease/increase in consumption taxes receivable/payable	77	(1,081)
Other, net	(3,841)	(3,816)
Subtotal	35,873	37,369
Interest and dividend income received	1,274	1,164
Interest expenses paid	(990)	(445)
Income taxes paid	(5,402)	(5,378)
Net cash provided by (used in) operating activities	30,755	32,710
<b>Cash flows from investing activities</b>		
Payments into time deposits	(523)	(433)
Proceeds from withdrawal of time deposits	15,148	983
Purchase of property, plant and equipment	(4,828)	(6,430)
Proceeds from sales of property, plant and equipment	73	81
Purchase of intangible assets	(3,583)	(3,916)
Purchase of investment securities	(22,023)	(87)
Proceeds from sales and redemption of investment securities	5,360	18,014
Purchase of shares of subsidiaries and associates	(200)	-
Other, net	(92)	(53)
Net cash provided by (used in) investing activities	(10,668)	8,159
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(5,310)	9
Proceeds from long-term loans payable	37,000	23,000
Repayments of long-term loans payable	(28,951)	(23,000)
Proceeds from issuance of bonds	10,012	-
Redemption of bonds	(22,648)	-
Purchase of treasury shares	(12,516)	(10,297)
Proceeds from sales of treasury shares	0	1
Repayments of finance lease obligations	(918)	(932)
Cash dividends paid	(7,298)	(10,454)
Net cash provided by (used in) financing activities	(30,629)	(21,673)
<b>Effect of exchange rate change on cash and cash equivalents</b>	7,150	(1,876)
<b>Net increase (decrease) in cash and cash equivalents</b>	(3,392)	17,320
<b>Cash and cash equivalents at beginning of period</b>	114,129	110,737
<b>Cash and cash equivalents at end of period</b>	110,737	128,057

## (5) Notes to Consolidated Financial Statements

### Notes on Premise of Going Concern

Not applicable.

### Segment Information

#### 1. Overview of Reportable Segments

The company's reportable segments consist of the company'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 company has designated 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 are as follows.

- 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. Information on Net Sales, Income or Loss, Assets and Others for Each Reportable Segment

Year ended March 31, 2015

(Millions of yen)

	Reportable segments				Adjustments (Note 1)	Amounts on consolidated financial statements (Note 2)
	Consumer	System Equipment	Others	Total		
Net sales						
(1) External customers	287,113	40,848	10,428	338,389	-	338,389
(2) 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

Notes: 1. Adjustments are as shown below:

- (1) The 4,456 million yen downward adjustment to segment income (loss) includes corporate expenses of 4,456 million yen that are not allocated to any reportable segments. 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.
  - (2) The 104,033 million yen adjustment to segment assets includes corporate assets of 104,489 million yen that are not allocated to any reportable segments.
  - (3) The 177 million yen adjustment to depreciation consists of depreciation for assets related to administrative divisions that are not attributable to any reportable segments.
  - (4) The 259 million yen adjustment to the increase in property, plant and equipment and intangible assets consists of capital expenditures in administrative divisions that are not attributable to any reportable segments.
2. Segment income (loss) is reconciled with operating income in the consolidated financial statements.



Year ended March 31, 2016

(Millions of yen)

	Reportable segments				Adjustments (Note 1)	Amounts on consolidated financial statements (Note 2)
	Consumer	System Equipment	Others	Total		
Net sales						
(1) External customers	300,956	42,669	8,633	352,258	-	352,258
(2) 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

Notes: 1. Adjustments are as shown below:

- (1) The 4,873 million yen downward adjustment to segment income (loss) includes corporate expenses of 4,873 million yen that are not allocated to any reportable segments. 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.
  - (2) The 113,431 million yen adjustment to segment assets includes corporate assets of 113,886 million yen that are not allocated to any reportable segments.
  - (3) The 274 million yen adjustment to depreciation consists of depreciation for assets related to administrative divisions that are not attributable to any reportable segments.
  - (4) The 454 million yen adjustment to the increase in property, plant and equipment and intangible assets consists of capital expenditures in administrative divisions that are not attributable to any reportable segments.
2. Segment income (loss) is reconciled with operating income in the consolidated financial statements.