

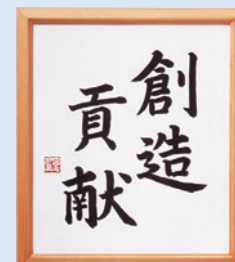


## Profile

Casio's corporate creed is "Creativity and Contribution," expressing the Company's commitment to contributing to society through innovative, useful products it is uniquely positioned to deliver.

Products with innovative functions assist people in their daily lives and keep society moving forward. They also bring great delight to many people and help to revitalize culture. When even a single new product is widely adopted, whole new markets develop, and this in turn fosters growth in related industries.

This is the story of Casio's wide-ranging contributions to society, based on its innovative product and service portfolio.



Corporate creed – "Creativity and Contribution"

### User Guide

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### Forward-looking Statements

Earnings estimates and expectations that are not historical fact included in this report are forward-looking statements. Such forward-looking statements reflect the judgment of management based on information available as of the time of writing, and various factors could cause actual results to differ materially.

# History of CASIO

## 1957–1979



1



2



3



4

**1957** Four Kashio brothers start commercial production of the world's first all-electric compact calculator, the 14-A. ❶

Casio Computer Co., Ltd. founded.

**1965** 001 transistor-based electronic desktop calculator released. ❷

**1966** Export of electronic desktop calculators to overseas markets begins.

**1967** Europe office established in Switzerland.

**1970** Casio Inc., a sales subsidiary, established in the US.

Casio stock listed on the second section of the Tokyo Stock Exchange.

**1972** Casio stock transferred to the first section of the Tokyo Stock Exchange.

Casio Mini, the world's first personal electronic calculator, released. ❸

**1974** Casiotron digital watch released. ❹

**1978** Casio Taiwan Co., Ltd., a production subsidiary, established.

## 1980–1999



1



2



3



4



5

**1980** Casiotone electronic keyboards released. ❶

**1981** TR-2000 electronic dictionary released. ❷

**1983** First G-SHOCK shock-resistant watch released.

**1985** China office established in Beijing.

**1989** ADPS R1, an office information processing device that requires no user program, released.

**1994** Baby-G shock resistant watch for women released. ❸

**1995** QV-10, a digital camera with an LCD monitor, released. ❹

FKT-100 first radio controlled watch released. ❺

**1996** Launch of EX-word electronic dictionary.

**1998** Head office moved to the present location in Hatsudai, Shibuya-ku (Tokyo).

## 2000–2013



1



2



3



4

**2000** C303CA, a waterproof, shock-resistant cellular phone, introduced for sale by the IDO/DDI Cellular Group. ❶

**2002** EXILIM, then the world's thinnest, wearable card-sized digital camera, released. ❷

**2003** Charter of Creativity for Casio established.  
Casio enters the data projector market.

**2004** OCEANUS, a solar-powered radio-controlled watch with full metal case, released.

**2006** Casio achieves total sales of 1 billion calculators worldwide.

**2008** EX-F1 high speed burst shooting digital camera released. ❸

**2009** Casio achieves total sales of 50 million G-SHOCK watches.

**2010** Mercury-free high-brightness projectors released. ❹

**2013** Launch of CASIO Signage Business.

Start of CASIO ART sales.

Casio Middle East FZE, a subsidiary established.

Marks the 30th anniversary of the launch of G-SHOCK.

## 2014 Topics

### 1 Launch of G-SHOCK, a GPS HYBRID WAVE CEPTOR

Casio has launched the world's first hybrid time keeping system that receives both GPS signals and radio wave time-calibration signals. This is G-SHOCK, which can obtain the correct time by receiving time-calibration signals from any of six transmission stations worldwide. This G-SHOCK model combines high reception sensitivity and a high level of shock resistance.



### 2 Launch of "EX-word with," a digital vocabulary book

Casio has launched "EX-word with," a digital vocabulary book complete with English-language vocabulary contents. Students can use the book's pronunciation feature to effectively do rote learning of their English vocabulary.



### 3 Casio Malaysia begins sales activities

Casio's recently established Casio Malaysia, Sdn. Bhd. has now begun sales and marketing activities. With this new subsidiary overseen by the sales company Casio Singapore Pte., Ltd., Casio aims to expand its business in the ASEAN region.



## To Our Stakeholders



Kazuo Kashio,  
President & CEO

### Business Report for Fiscal 2014

The Japanese economy was on a recovery path in fiscal 2014. This was despite concerns about economic slowdowns in emerging nations and reflected improved corporate performances and lower employment as a result of the Japanese government's economic policies.

Against this backdrop, consolidated net sales for fiscal 2014 increased 8.1% to ¥321.7 billion. Sales were ¥264.4 billion in the Consumer segment, ¥45.2 billion in the System Equipment segment, and ¥12.0 billion in the Others segment.

In the timepiece business, sales increased significantly overall with brands such as G-SHOCK and EDIFICE continuing to perform well, primarily in overseas markets such as North America and China, under a stronger global brand strategy. The line-up of watches for women in brands such as BABY-G and SHEEN continued to show steady growth. In the electronic dictionary business, sales of the EX-word series remained strong, mainly for the student model, and Casio continued to hold the overwhelming top share of the Japanese market. In the electronic musical instrument business, sales of electronic pianos increased steadily.

In income for fiscal 2014, the Consumer segment posted ¥35.5 billion in operating income. This was because profitability remained high in the timepiece and electronic dictionary businesses, while expansion in high-value-added electronic pianos contributed to improved profitability. The digital camera business performed profitably owing to a specialization in high-end offerings. The Company incurred operating losses of ¥1.7 billion and ¥500 million, respectively, in the System Equipment and Others segments.

As a result, and after allowing for adjustment, Casio registered ¥26.5 billion in consolidated operating income, up 32.5%. Casio recorded net income of ¥15.9 billion, up 34.6%, for the fiscal year.

### Fiscal 2015

In fiscal 2015, we expect the domestic economy to remain firm. The Company aims to actively develop global markets for products that make the most of its original technology in seeking to improve business performance. The main strategies for achieving this are as follows.

- (a) In the timepiece business, Casio will launch new watches with the latest technology. They will include hybrid models featuring GPS and radio-control, as well as models capable of connecting to smartphones with Bluetooth®. The Company will further strengthen its six main watch brands, including G-SHOCK, to keep growing the business and maintain high profitability.
- (b) In the electronic dictionary business, Casio will expand the business and maintain a high level of profitability by strengthening models for elementary school students in the domestic market while expanding its line-up in digital vocabulary books. In overseas markets, it will tap into ASEAN markets in addition to China as it seeks to expand its business.
- (c) In the systems equipment business, Casio will improve profitability for projectors through cost reduction and the introduction of new technology.
- (d) In new business, the Company will work on expanding large orders for its CASIO Signage business. It will also introduce Art Clocks and expand painting contents in the digital painting business.
- (e) In all businesses, Casio aims to boost sales outside Japan.

## Achieving V15

In line with the V15 Plan to achieve a company-wide operating profit margin of 15% in the fiscal year ending March 31, 2016, Casio is steadily pushing ahead with its business reforms to achieve this goal.

In timepieces, we aim to expand sales by deploying products that leverage advanced technologies. These products include hybrid watches featuring GPS and radio control, and watches capable of connecting to smartphones with Bluetooth®.

In existing businesses in which we have already built high market shares, we aim to further expand sales and enhance profitability.

We will cultivate markets by creating new-genre products that did not exist hitherto, notably digital vocabulary books in electronic dictionaries and new entertainment operations in electronic musical instruments.

I believe that to reach our V15 targets the most important action is to create businesses that deliver high profit margins.

CASIO Signage has proven attention-grabbing for people visiting stores, and is a highly effective sales promotion device for companies that have introduced such signage. Sumitomo Mitsui Banking Corporation has decided to install 200 of these products, and we are currently in major talks with several other companies about such a possibility.

In the digital painting business, which uses 3D technology, we will introduce new offerings integrated with clocks to expand sales through existing channels.

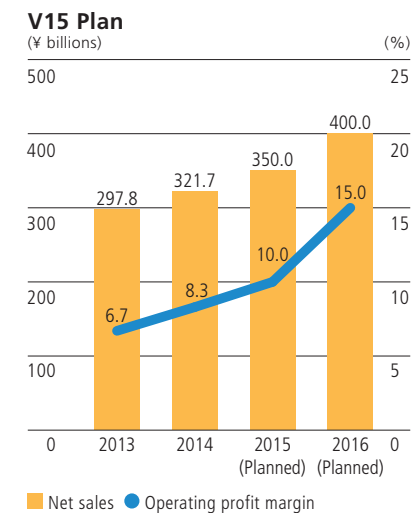
## Rewarding Shareholders

We aim to generate high growth and establish a stable earnings base to reach our V15 targets and generate performance-related shareholder returns. In light of higher profits this fiscal year, plans call for an increase of the annual dividend applicable to fiscal 2015 by ¥5, to ¥25 per share.

Casio is determined to use its innovative plans and advanced technological capabilities to continue delivering new value to the world at large and grow further. Your support, as always, inspires us.

July 2014

Kazuo Kashio, President & CEO

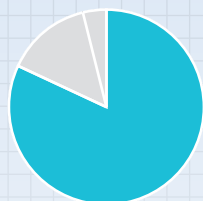


# At a Glance

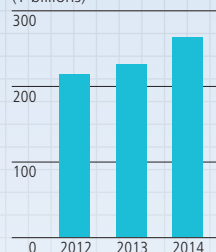
Years ended March 31

## Consumer

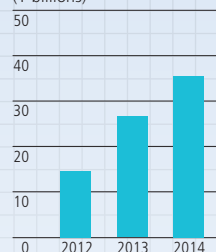
82.2%



### Net Sales (¥ billions)



### Operating Income (¥ billions)



### Principal Products

- Watches
- Clocks
- Electronic Dictionaries
- Electronic Calculators
- Label Printers
- Electronic Musical Instruments
- Digital Cameras, etc.



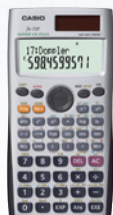
Watches



Digital Cameras



Electronic Musical Instruments



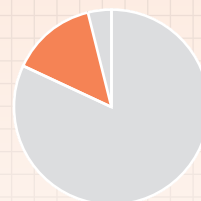
Electronic Calculators



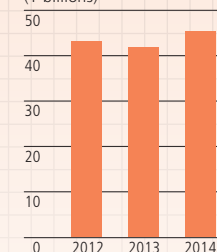
Electronic Dictionaries

## System Equipment

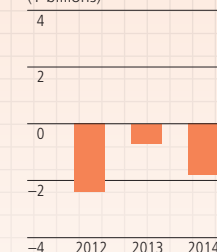
14.1%



### Net Sales (¥ billions)



### Operating Income (¥ billions)



### Principal Products

- Handheld Terminals
- Electronic Cash Registers
- Office Computers
- Page Printers
- Data Projectors, etc.



Handheld Terminals



Office Computers



Page Printers



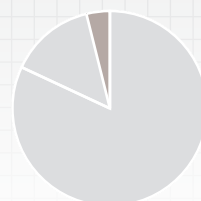
Electronic Cash Registers



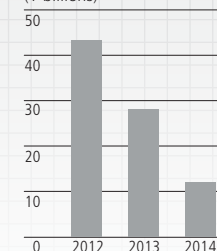
Data Projectors

## Others

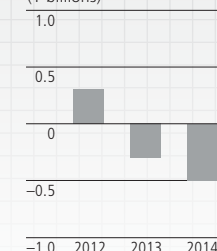
3.7%



### Net Sales (¥ billions)



### Operating Income (¥ billions)



### Principal Products

- Molds, etc.

# CASIO'S Strength

## Strength of the Overseas Business

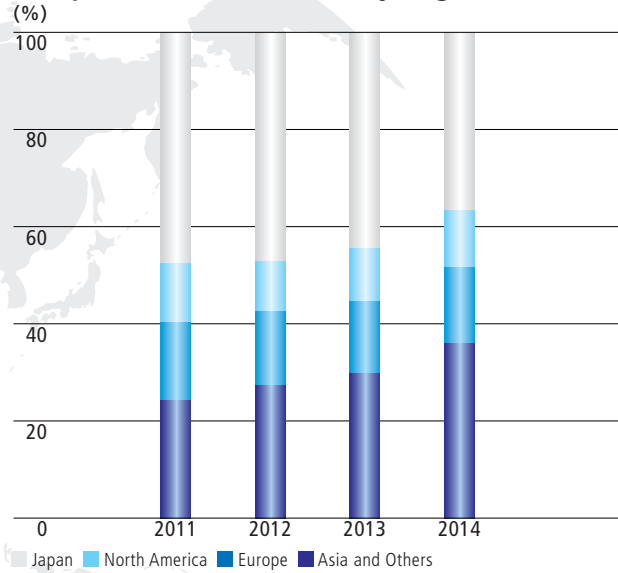
### Overseas Sales Ratio

# 63%

(Performance in fiscal year ended March 31, 2014)

In the growth markets overseas where Casio aims to expand business, we are strategically building a network of sales companies in order to strengthen our sales and marketing activities. In 2013, we established Casio Middle East FZE in Dubai and started sales activities. Moreover, in 2014 we launched Casio Malaysia, Sdn Bhd. to expand business in the ASEAN region.

### Component Ratio of Sales by Region

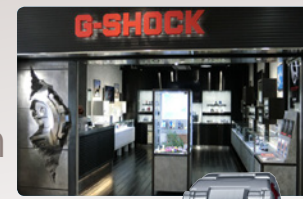


## Brand Strength

### Cumulative sales of the G-SHOCK

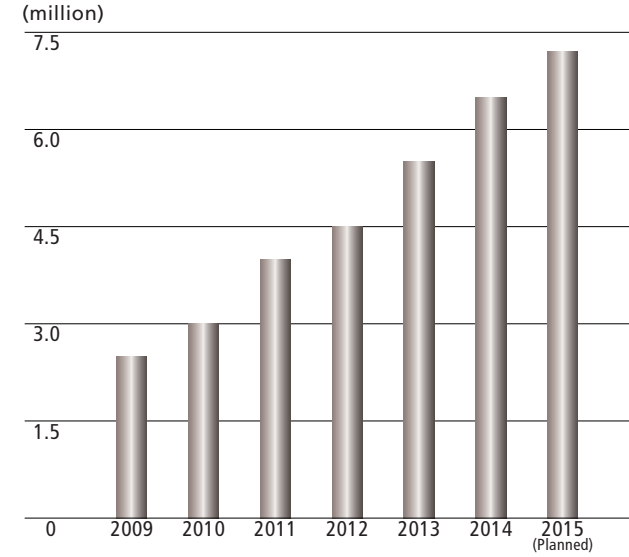
# More than 70 million

(Fiscal 1984–2014)



The G-SHOCK was born in 1983, creating an entirely new category known as "toughness watches" in the watch industry. It is now one of the most established watch brands. The cumulative number of shipments worldwide of G-SHOCK is more than 70 million watches, and we are aiming to reach 7.2 million cumulative shipments during the fiscal year ending March 31, 2015.

### Annual Sales of the G-SHOCK



## Strengthening of Financial Base

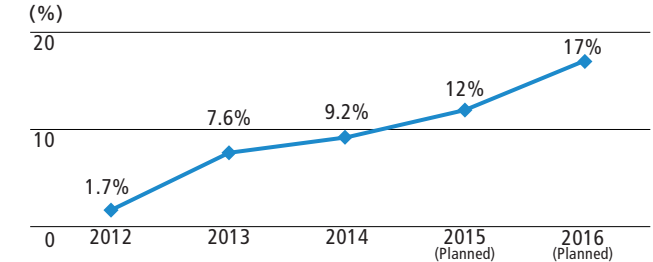
### ROE

# 9.2%

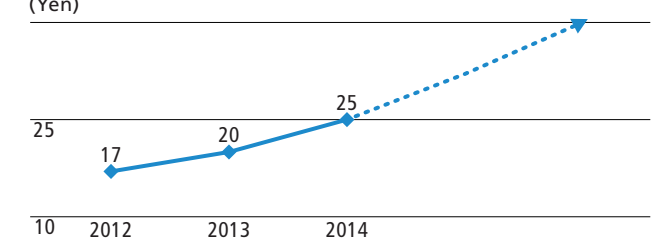
(Performance in fiscal year ended March 31, 2014)

With the aim of strengthening the financial base that supports our growth, we are working to increase profitability and improve ROE. We implement a policy of returning profits to shareholders, and this policy includes payment of a stable dividend linked to performance and also share buybacks.

### ROE (%)



### Dividend (Yen)





## Special Feature: 6 Timepiece Brands

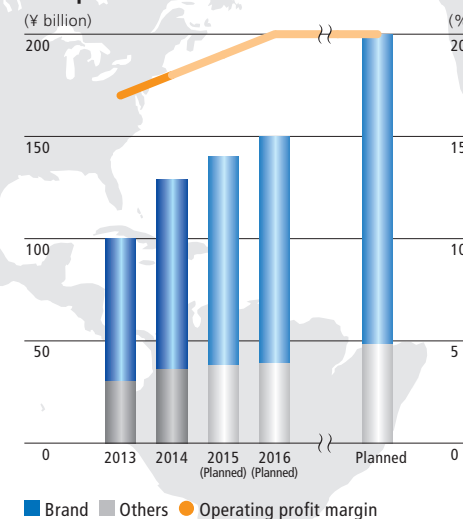
# Strengthening Global 6 Brand Strategy to Grow Timepiece Business

Casio seeks to further grow sales in its timepiece business through creative product development and a strengthened global brand strategy. As mid-term targets, we aim to achieve net sales of ¥200 billion and operating profit margin of 20%. Casio's product lineup focuses on six distinctive brands: G-SHOCK, which adds value through a completely new level of shock resistance and is one of the most established watch brands; the BABY-G line of women's shock-resistant watches, which are popular for their rich color variations and enhanced functions; the metal analog watch EDIFICE, which is designed with a dynamic feel; the solar-powered radio wave-controlled watch OCEANUS, which combines advanced functionality with an European-style sporty design; the outdoor

watch PRO TREK, which is equipped with various sensors including altimeter and compass; and the women's metal analog watch SHEEN. Casio aims to further increase sales and create high added value by enhancing its product offering based on these six brands, aggressively promoting them on a global basis. In particular, we will endeavor to expand sales and increase some unit prices by launching a new G-SHOCK model, a hybrid time-keeping system that receives both GPS signals and radio wave time-calibration signals, and a new EDIFICE model that can be connected to a smartphone. We will also conduct promotions to celebrate the 20th anniversaries of BABY-G and PRO TREK, together with the 10th anniversary of

the OCEANUS while globalizing marketing initiatives to increase brand penetration. Our retailing strategy will be to expand the number of G-FACTORY Casio watch stores to 1,000 around the world during the fiscal year ending March 31, 2016. We look to increase the number of shops handling our products in China's undeveloped interior and aim to boost the number of department stores and jewelers carrying our products in the United States. We will endeavor to build our brand and retail presence in ASEAN markets and the Middle East. In this manner, we will seek further growth through global expansion of our timepiece business.

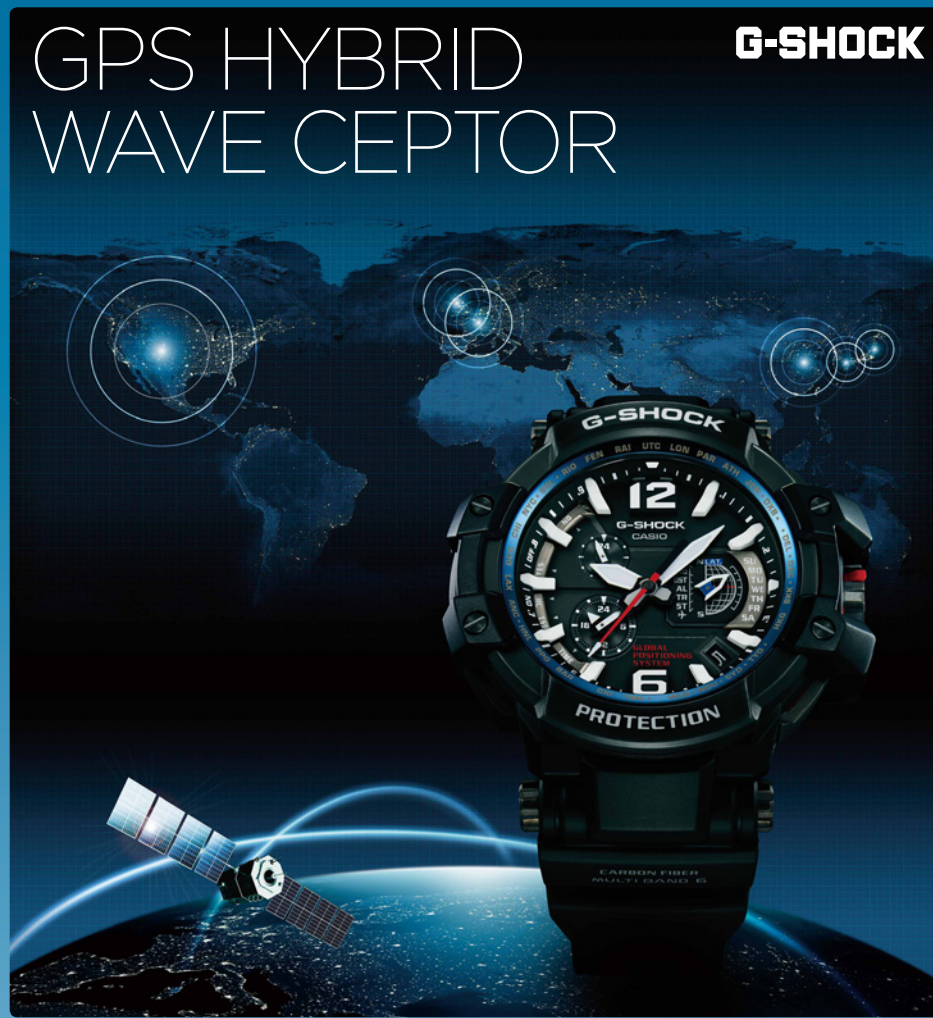
Net Sales and Operating Profit Margin of Timepiece Business





## Special Feature: New Timepiece Products

# Strategy to Expand Timepiece Sales Leveraging Flagship Models



Casio commercialized the world's first hybrid time keeping system that receives both GPS signals and radio wave time-calibration signals. This is G-SHOCK, which opens new vistas in watches by combining advanced technology and shock resistance. This model can receive time-calibration signals from any of six transmission stations worldwide and receive position and time data transmissions from GPS satellites. While retaining the convenience and reliability of radio-controlled solar timepieces, this watch not only determines the local time zone but also determines whether it is on summer time when acquiring GPS satellite information, keeping accurate time anywhere around the world. In other words, you can get the precise time wherever you are with the press of a button. Combining GPS and radio control functions can conserve power because the watch is set to prioritize radio reception when that is available.

Casio is also launching EDIFICE, a Bluetooth® V4.0-enabled watch that links with smartphones.

With this feature, the wearer can use a smartphone app that simplifies setting



time in 300 cities around the world. Unusually for an analog watch, EDIFICE can also simultaneously display the differing times in two cities, making it ideal for globetrotting businesspeople.

Casio aims to leverage the introduction of such powerful, technologically advanced flagship models to boost unit prices and sales.

## Special Feature: CASIO Signage and CASIO ART

# Expanding Casio's Original New Businesses

### CASIO Signage



(English)



(Japanese)



Casio is endeavoring to expand new businesses as key sources of revenues and earnings.

The Company seeks to increase large orders for its CASIO Signage business. It will also introduce Art Clocks and expand painting contents in the digital painting business.

CASIO Signage is a store promotion tool that is far more attention-grabbing than conventional digital signage. This signage product employs characters who are shown as images on a panel that has been cut to a certain shape, and who "speak" to visitors to the store to catch their interest. CASIO Signage

can create audio content in different languages, thereby being able to "speak" to store visitors from overseas.

The system uses Casio's original projector technology to enable a sufficiently compact footprint for installing in a store. The product shows bright and sharp images and uses a light source that lasts as long as some 20,000 hours, making it suitable as a permanent store installation.

Furthermore, the user can link the system to a cloud service to flexibly create and change content according to the time zone and the store characteristics. For example, CASIO Signage can easily attract store visitors by conducting lotteries exclusively for visitors or by issuing coupons.

We have been negotiating CASIO Signage installations with several corporate clients. In

order to maximize the impact for companies that are introducing the signage, we have been promoting proposals that are focused on one company in each industry.

CASIO ART harnesses proprietary 3D technology to enable users to create 3D artworks. This product enhances expression through detailed indentations and provides a reality that is unique to 3D as a new way to enjoy paintings compared with conventional artwork. In June 2013, Casio started selling works with motifs featuring various characters. These offerings have proven popular. We also aim to sell CASIO ART as Art Clocks, boosting sales by leveraging existing time-piece retail channels.

Casio will ensure that it meets its V15 Plan targets by expanding such highly profitable new businesses.



### CASIO ART (Japanese only)



## Special Feature: Existing Businesses

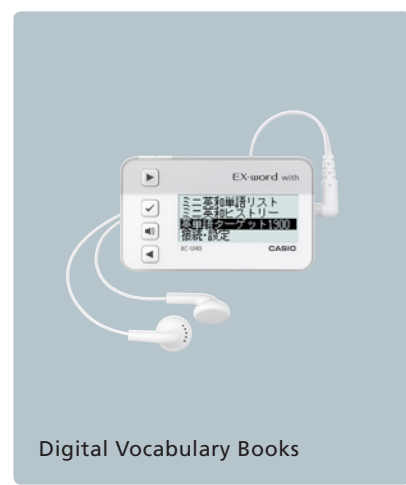
# Market Expansion through Products in Various Genres

Casio seeks to grow in the global marketplace by supplying products offering growth potential in various genres. In the electronic dictionary business, we look to increase sales of the "EX-word with" digital vocabulary book. Japan's junior high school and high school students can take advantage of the book's pronunciation feature and English vocabulary contents to aid rote word learning. Moreover, users can connect a digital vocabulary book and an electronic dictionary to transfer a browsing record and other information of their English words, in order to conduct repeated study. In

addition to junior high school and high school students, in the future Casio aims to expand the contents, targeting adult users. We will accelerate the overseas business development of our electronic dictionaries, cultivating sales in ASEAN markets as well as in China. We have already launched these products in Indonesia, where people are very enthusiastic about education. In the electronic calculator business, we will launch products overseas in English and local languages, broadening our lineup of scientific models. We will also localize general calculators that we will offer in cultivating

emerging markets. In the electronic musical instrument business, we enjoy favorable worldwide sales of digital pianos, and plan to introduce higher-end models. We also intend to commercialize products in new entertainment genres. In our projector business, we aim to differentiate our products in the field of ultra-short-focus models for the high-level needs in the education market. In addition to models that employ both laser and LED light sources to achieve a light source with an operating life of approximately 20,000 hours, we are proposing new styles of conducting lessons that

make use of projectors. By means of connecting a wide range of functions from a smart device, there are much less restrictions where the projector can be installed. Consequently, a lesson can be conducted while the projector is moved around the classroom. We aim to increase the number of projectors that will be introduced in the education field. Casio will bring out these and other unique products to expand sales and profitability.



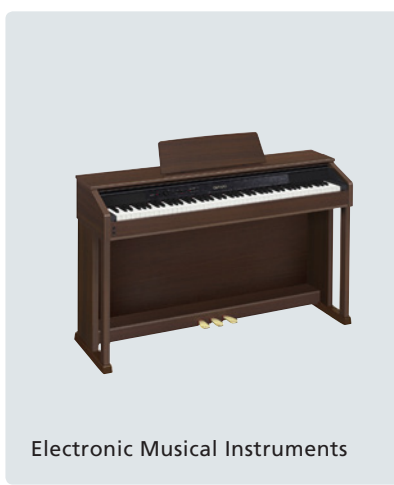
Digital Vocabulary Books



Electronic Dictionaries



Electronic Calculators



Electronic Musical Instruments



Data Projectors



# Corporate Governance

To ensure steady progress towards management goals and realize continuous improvement in enterprise value, we believe it is vital that business operations be conducted in an appropriate and efficient manner, based on swift decision-making by management, and that supervisory functions be strengthened to ensure sound and transparent management. The Casio Group undertakes a range of measures to ensure the best possible standards of corporate governance.

## The Corporate Governance System

Casio has adopted a corporate officer system to clearly demarcate the supervisory and executive functions of management. Meetings of the Board of Corporate Officers are also attended by directors and statutory auditors. At the meetings, matters of importance relating to the conduct of business are discussed to ensure that decisions are made from a company-wide perspective, to facilitate their smooth implementation.

The Board of Directors aims to make important management decisions rationally and promptly. Directors and statutory auditors attend these meetings to deliberate upon and decide such issues.

Statutory auditors, including external auditors, follow policies set out by the Board of Statutory Auditors. In addition to attending meetings of the Board of Directors and the Board of Corporate Officers, as well as other important meetings and committee sessions, the statutory auditors discharge their responsibility for rigorous monitoring of the process of management of the Company by receiving and perusing reports from the directors and other management staff, as well as the minutes of meetings at which decisions on important matters were taken, and related reference material.

The external auditors are independent

executives whose appointments are reported to the Tokyo Stock Exchange, in line with its regulations. Statutory auditors are assigned special assistants who support their audit activities.

External audits by independent auditing corporations are conducted in accordance with auditing standards generally accepted in Japan as being fair and appropriate. The Company accepts advice on improving operations from

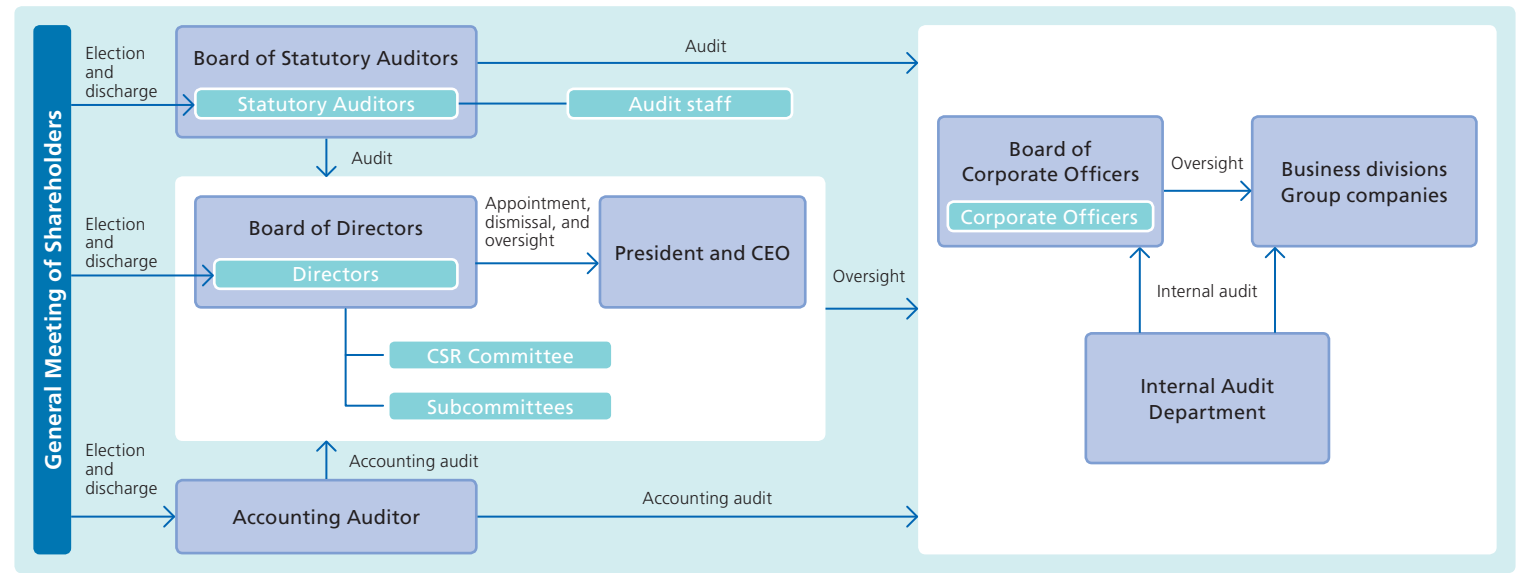
these auditors.

The Internal Audit Department monitors the performance of duties by the various organizational units of the Company to check that this performance conforms to laws and regulations as well as internal standards such as the organization control standard. In accordance with the results of this monitoring, staff members of the Internal Audit Department evaluate the

performance of each unit and issue directives for improvement where required.

In addition, basic policies and major issues in CSR activities across the Group are deliberated by our CSR Committee, chaired by the officer in charge of CSR at Casio Computer Co., Ltd. and comprising the officers in charge of staff function departments, statutory auditors and managers of staff function departments.

## Corporate governance system framework



### Improving the Internal Control System

Based on our corporate creed of "Creativity and Contribution," Casio has established a basic policy for internal controls to ensure reliable and accurate financial reporting. It has also set up an Internal Control Committee to implement controls, comprising members of the Company's Accounting Department, Information System Department, CSR Operations Section and Internal Audit Department.

In fiscal 2009, the Company created a self-monitoring structure to govern the operational processes of the main departments and Group companies, to allow for the early detection of any risk that might have an impact on financial reporting.

Fiscal 2010 was the second year after entry into effect of the internal control reporting system under the Financial Instruments and Exchange Law. For this reason, we have introduced our Operation Responsibility System, to strengthen monitoring mechanisms compared with fiscal 2009.

Based on a policy set by the Internal Control Committee, persons responsible for control systems appointed by each Group company and department ensure appropriate conduct operations over time in major operations, and carry out periodic checks. If they discover any

flaw or inefficiency, they propose and implement remedial measures, keeping the Internal Control Committee informed through reports as needed.

From fiscal 2011, in anticipation of the systematic adoption of International Financial Reporting Standards in Japan five years from now, we are taking Groupwide measures to strengthen our financial position and further raise internal control standards.

### Risk Management

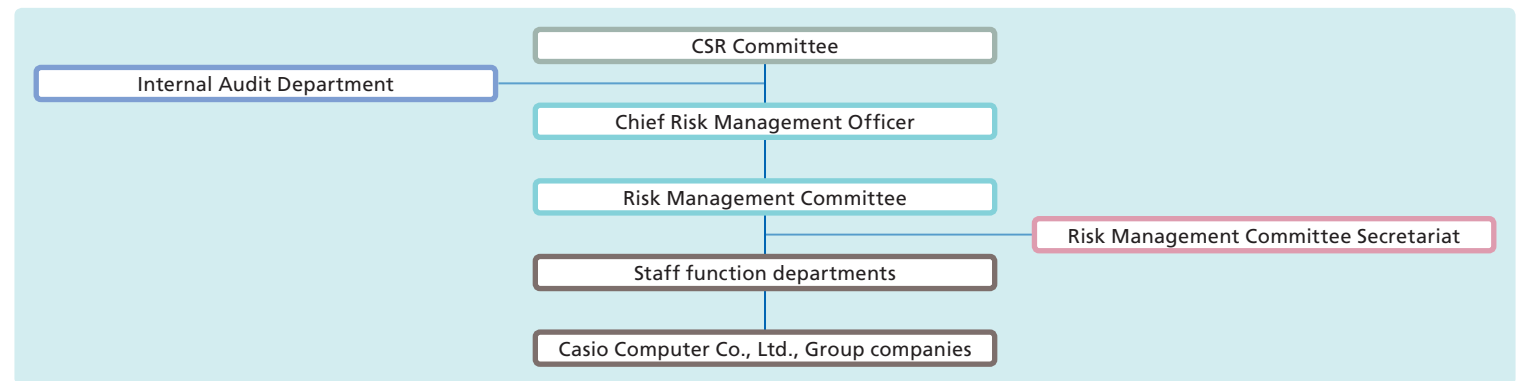
In line with our Basic Risk Management Policy, we have created a system to systematically and efficiently manage risk across the whole Company. A Chief Risk Management Officer appointed by the CSR Committee to serve as chairman of the Risk Management Committee selects, reviews and decides on risk management issues that need to be addressed.

Issues identified by the Risk Management Committee are handled by the main risk management departments, which take action as

needed at the level of the department or Group company involved, ensuring measures are fully understood Groupwide and providing guidance. The Risk Management Committee Secretariat oversees risk management at all stages of the management process, utilizing the PDCA management cycle, and holds meetings and manages progress in risk management activities.

The Internal Audit Department's audits into management systems are conducted independently from the risk management activities of the Company.

### Risk management system

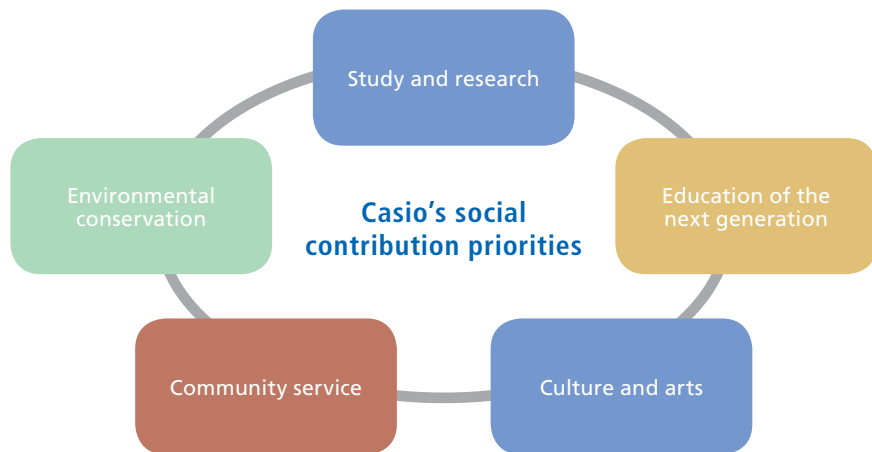


# Corporate Social Responsibility (CSR) Activities

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

## Philosophy of Social Contribution

Aiming to help create a healthy, generous society, we are earnestly engaged in a variety of social contribution initiatives. We take good corporate citizenship seriously, so our process for determining the most useful things to do is guided by communication with various stakeholders. The five priority themes of our social contribution initiatives are outlined in the figure below. Leveraging our unique know-how and management resources as well as the wide range of knowledge and experience possessed by our employees, we fulfill our social responsibilities in our own unique way.



## At the Casio Group, We Have Revised Our Environmental Vision and Environmental Declaration toward Achieving Our Goal of Being a Leading Environmental Company.

In order to respond to the changes in the society in which we exist and further evolve our environmental management, we clarified the positions within our business of Casio Environmental Vision and Casio's Environmental Declaration and in April 2012, released revised versions of each.

Casio Environmental Vision 2050 sets out the Group's long-term environmental management policy up to 2050, while Casio's Environmental Declaration 2020 is our medium-term action plan up to 2020. We are developing both globally to help achieve our goal of being a leading environmental company.

### Casio Environmental Vision 2050

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

### A Leading Environmental Company

#### Casio, creating "1" from "0"

Through creating products and services and conducting environmental activities that are all based on new ideas and advanced technologies, we will contribute to realizing

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

### Casio's Environmental Declaration 2020

#### Realizing a Low-Carbon Society

At the Casio Group, we are providing products and services that further contribute to reducing and absorbing CO<sub>2</sub>. In addition to expanding our lineup of products and services that use energy sources that are easy on people and the planet, such as solar, wind, and water-powered energy, we are also utilizing these renewable energy sources within our business activities.

#### Realizing a Resource Recycling Society

Our goal at the Casio Group is to efficiently use, replace, and reuse the earth's precious resources, such as various materials and water, and toward this we have been further improving resource productivity.

#### Realizing a Way of Living in Harmony with Nature

Through our activities to protect biodiversity, the Casio Group is helping to cultivate a mind set that treasures the planet we live on and we are working to harmonize our business activities with the planet's natural cycle.



## Joining the "Consortium for Sustainable Paper Use"

Cooperation between Companies and an NGO to Realize Sustainable Paper Use by 2020

Casio became a member of the Consortium for Sustainable Paper Use in June 2014, and together with the consortium launched activities dedicated to ensuring that our entire society works toward using paper while considering the environment and society.

In November 2013, the consortium was established jointly by five companies, who were promoting advanced efforts related to paper use, WWF Japan, an international environmental conservation NGO, and Response Ability Inc., a company promoting corporate sustainability. Each member of the consortium aims to promote paper use that considers the environment and society from its own perspective, and by doing so to strive to ensure that the sustainable use of paper is widely disseminated and accepted throughout society.

### Specific Consortium Activities

- Providing information to promote sustainable paper use
- Regularly sharing information among members
- Transmitting information and conducting awareness raising activities
- Expanding efforts among suppliers and business partners



Details of the consortium are available at WWF Japan's website (Japanese only).  
[http://www.wwf.or.jp/corp/2014/06/post\\_20.html](http://www.wwf.or.jp/corp/2014/06/post_20.html)

## Scope 3 Calculations

To attain Casio's medium- to long-term objective of "realizing a low-carbon society" expressed in the Casio Environmental Vision 2050 and Casio Environmental Declaration 2020, in addition to conducting relevant activities within the Casio Group, it is important that activities to reduce CO<sub>2</sub> emissions are conducted throughout the entire supply chain from the upstream to the downstream. Consequently, we calculated emission amounts generated in each sector to visualize CO<sub>2</sub>.

Going forward, we will:

- Enhance calculation accuracy and encourage involvement by the supply chain from the upstream to the downstream sectors
- Propose plans to cut emissions and take action to implement these

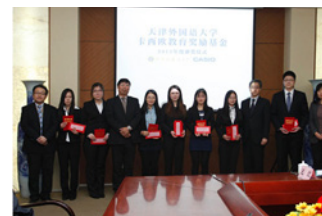
Results of the fiscal 2012 Scope 3 calculations can be found at:

[http://www.gvc.jp/en/files/en2013/pdf\\_casio\\_en.pdf](http://www.gvc.jp/en/files/en2013/pdf_casio_en.pdf)

## CASIO Education Scholarship Foundation

Casio (China) Co., Ltd. has set up the CASIO Education Scholarship Foundation in connection with Peking University, Shanghai International Studies University, Fudan University, East China University of Political Science and Law, Beijing Foreign Studies University, Tianjin Foreign Studies University, and East China Normal University. The fund subsidizes students of excellence and teachers who produce excellent research results. Casio set up the fund with the aim of contributing to the development and supporting the long-term vision of these universities that play an important role in nurturing human resources.

Going forward, Casio will continue to support the practice of learning in a wide variety of fields such as languages, international finance and trading, international industry and commerce administration, the mass media, law, and international education, and also to contribute to the development and invigoration of academic research.



Awards ceremony at Tianjin Foreign Studies University

## Sponsorship of Mexican Participation in International Mathematical Olympiad

The 54th International Mathematical Olympiad ("IMO") was held in Columbia on July 18–28, 2013. In a concerted initiative with the Mathematical Association of Mexico, Casio Mexico Marketing, S. de R. L. de C.V. was the main sponsor of the Mexican team. The IMO is an international competition in which high-school students compete in trying to solve mathematical problems. It is held every year, and in 2013, over 70 countries took part. Looking ahead, Casio will continue to contribute to mathematical education in Mexico.



The Mexican high-school students who tackled the challenge of the IMO competition.

# Management's Discussion and Analysis

## Net Sales

Consolidated net sales for the year ended March 31, 2014 were ¥321,761 million, an increase of 8.1% from the previous year

	Millions of Yen	
	2014	2013
Consumer	¥264,404	¥227,861
System Equipment	45,299	41,778
Others	12,058	28,124
<b>Total</b>	<b>¥321,761</b>	<b>¥297,763</b>

## Results by Segment

By operating segment, in the Consumer segment, sales were ¥264,404 million, an increase of 16.0% from the previous year. This segment accounted for 82.2% of net sales.

By business, in the timepiece business, sales increased significantly overall with brands such as G-SHOCK and EDIFICE continuing to perform well, primarily in overseas markets such as North America and China under a stronger global brand strategy. The line-up of watches for women in brands such as Baby-G and SHEEN continued steady growth. In the electronic dictionary business, sales of the EX-word series remained strong, mainly for the student model, and Casio continued to hold the overwhelming No.1 share of the Japanese market. In the electronic musical instrument business, sales of electronic pianos increased steadily.

In the System Equipment segment, sales were ¥45,299 million, an increase of 8.4% from the previous year. In the Others segment, sales were ¥12,058 million, a decrease of 57.1% from the previous year.

## Results of Operations

In income for fiscal 2014, the Consumer segment posted ¥35,504 million in operating income. The timepiece and electronic dictionary businesses maintained high profitability. The System Equipment segment posted an operating loss of ¥1,765 million mainly as a result of cooling of corporate-sector demand. The Others segment posted an operating loss of ¥512 million. As a result, Casio posted ¥26,576 million in consolidated operating income, allowing for adjustments.

Financial expenses amounted to ¥178 million, compared to financial expenses of ¥235 million in the previous fiscal year. Other expenses amounted to ¥3,441 million, compared to other expenses of ¥876 million in the previous fiscal year. The main reason for these changes was an increase of directors' retirement benefits.

Net income amounted to ¥15,989 million.

## Financial Condition

Total assets at the end of March 2014 were ¥366,964 million, largely on a par with the previous fiscal year. Current assets declined by ¥5,584 million to ¥244,135 million, partly as a result of a decrease in inventories. Non-current assets increased by ¥3,226 million to ¥122,829 million, largely as a result of a net defined benefit asset newly recorded and a decrease in deferred tax assets.

Total liabilities decreased 11.5% year-on-year to ¥181,708 million. Current liabilities increased by ¥6,808 million to ¥122,110 million and non-current liabilities declined by ¥30,454 million to ¥59,598 million, due primarily to an increase in notes and accounts payable-trade and transfer of the non-current portion of long-term loans and bonds payable to the current portion of long-term loans and bonds payable. Net assets at year-end rose ¥21,288 million to ¥185,256 million due mainly to an increase in retained earnings.

As a result, the equity ratio was improved to 50.5%, a 6.1 point increase over the previous year.

## Cash Flow Analysis

Cash and cash equivalents at the reporting year-end came to ¥114,129 million, an increase of ¥16,779 million.

Net cash provided by operating activities amounted to ¥40,107 million, an increase of ¥30,629 million from the previous year. This was mainly due to a decrease in working capital.

Net cash provided by investing activities amounted to ¥8,044 million, an increase of ¥21,421 million from a net cash outflow of ¥13,377 million in the previous year. This was mainly due to an increase in net cash inflow of purchase, sales and redemption of investment securities.

Net cash used in financing activities amounted to ¥38,523 million, a ¥33,828 million worsening from the previous year. This was chiefly attributable to increases in net cash outflow of short-term and long-term loans payable and cash outflow of redemption of bonds.

## Capital Investment

Capital investment decreased 27.0% year-on-year to ¥5,574 million. By segment, capital investment came to ¥4,064 million in the Consumer segment, ¥939 million in the System Equipment segment, and ¥221 million in the Others segment.

## Research & Development

R&D expenses came to ¥8,352 million. By segment, R&D expenses were ¥3,592 million in the Consumer segment, ¥1,013 million in the System Equipment segment, and ¥7 million in the Others segment.

## Business Risks

The management performance, financial position and share price of the Company are subject to the following risks. We have prepared a list of items that might have an impact on the forecasts included in this report as of the consolidated reporting period ended March 2014.

### 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 thus subject to the economic trends of each country. Given that the majority of our products are marketed to consumers, the Group is especially affected by trends in consumer spending.

### 2) Downward pressure on product prices

In the industries in which the Group is active, competition is intensifying as many companies make aggressive efforts to increase their shares in Japan and in overseas markets. There is the possibility that a rapid decline in product prices will have a negative impact on the Group's business performance.

### 3) New products

In the event that the Group is unable to speedily bring to market popular new products at a steady pace, or in the event that competitors release products similar to those being launched by the Group, especially in the case where the launch of competing products coincides, there is a possibility that the Group may see an erosion of the competitive advantage achieved as part of the first-mover advantage enjoyed by the pioneer of a new product.

### 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 have a negative impact on the earnings performance of the Group.

### 5) Outsourcing

With the aim of improving the Group's production efficiency and the operating income margin, we have outsourced a substantial portion of our manufacturing and assembly work to outside service suppliers. There is a risk, however, that quality control will become difficult to enforce. Moreover, problems may arise concerning violations of laws, regulations, and intellectual property rights of third parties, by the outside supplier. Such occurrences could have a negative impact on the Group's earnings performance, and might possibly hurt the product's reputation.

### 6) Technology development and changes in technologies

In those business areas in which the Group is active, the pace of technological development is quite rapid and the swift pace at which the market's needs evolve brings with it the risk that the Group's products may be rendered obsolete more quickly than expected. This, in turn, would cause an unexpected sudden sharp decline in sales.

### 7) Risks associated with international developments and overseas operations

The majority of the Group's production and sales activities take place in locations outside Japan. Consequently, overseas political and economic developments and revisions of laws and legislation may have a significant impact on the Group's financial position. In particular, the amendment of laws or the enactment of new laws in foreign countries is difficult to predict, and such developments might have a negative impact on the Group's earnings performance.



## 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 accompanying risks.

- Competitors might develop the same technologies as the Group's own proprietary technologies
- Denial of approval for a pending patent submitted by a Group member
- Ineffectiveness of measures aimed at preventing the misuse or violation of intellectual property rights held by a Group member
- Legislation relating to intellectual property might not provide adequate protection for the Group's intellectual property
- The Group's future products and technologies might constitute a violation of another company's intellectual property rights

## 9) Defective products and lawsuits

As a manufacturer and marketer of consumer products, we ensure strict quality control for our products. To date, we have never been subject to a damaging claim and have never had our reputation endangered. Even so, it is impossible to ensure that claims regarding product liability and product safety will not be brought against Group members in the future.

## 10) Risks related to information management

The Group maintains personal information and confidential business information relating to the promotion and development of its business operations. There are in-house rules governing the use of this information, and each Group company raises awareness of the need for strict control of such information in its employee training program. However, there is always the possibility that information may be leaked, and such a leak of information might have a negative impact on the Group's business, financial position and earnings performance.

## 11) Alliances, mergers and strategic investments

The Group may engage in alliances and mergers, or undertake strategic investments, in Japan or overseas to expand its business operations or raise the efficiency of management. Changes in the business partner's management environment, business strategies, or operating environment might have a negative impact on the Group's business, financial position and earnings performance.

## 12) Risks arising from fluctuations in foreign exchange rates and interest rates

The Group maintains operations in numerous countries around the world. Consequently, the Group is substantially affected by exchange rate fluctuations. The Group's gross profit might be negatively affected as a result of movements in foreign currencies against the yen. Moreover, the Group is exposed to risks associated with interest rate changes. These risks could have an impact on overall operating costs, procurement costs, value of monetary assets and liabilities (particularly long-term liabilities).

## 13) Other risks

The following other factors might have an impact on the Group's business operations in the future:

- Cyclical trends in the IT sector
- Uncertainties as to whether the required equipment, raw materials, facilities, and electricity can be procured at an appropriate price
- A decline in the value of securities held by the Group
- Revisions to laws and regulations regarding the accounting standards for retirement benefits and rapid changes in pension fund operations
- Damage caused by fires, earthquakes and other natural disasters, as well as other accidents that disrupt operations
- Social unrest caused by wars, terrorist attacks, and epidemics

# Consolidated Five-Year Summary

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

	Millions of Yen				
	2014	2013	2012	2011	2010
<b>For the year:</b>					
Net sales	¥321,761	¥297,763	¥301,660	¥341,678	¥427,925
Cost of sales	189,358	181,479	195,622	227,923	330,417
Selling, general and administrative expenses	97,475	88,313	89,559	93,875	113,124
Research and development expenses	8,352	7,918	7,414	7,838	13,693
Operating income (loss)	26,576	20,053	9,065	12,042	(29,309)
Net income (loss)	15,989	11,876	2,556	5,682	(20,968)
Comprehensive income	24,072	19,544	594	1,742	—
Capital investment	5,574	7,637	6,678	6,183	10,068
Depreciation on property, plant and equipment	5,717	5,325	6,060	7,674	12,657
<b>At year-end:</b>					
Current assets	244,135	249,719	244,022	269,150	275,450
Current liabilities	122,110	115,302	91,585	117,886	153,115
Working capital	122,025	134,417	152,437	151,264	122,335
Net assets	185,256	163,968	149,254	153,232	168,857
Total assets	366,964	369,322	366,212	402,456	429,983
<b>Amounts per share of common shares (in yen):</b>					
Net income (loss)	59.47	44.17	9.51	20.90	(75.58)
Diluted net income*	59.45	44.15	8.68	19.10	—
Cash dividends applicable to the year	25.00	20.00	17.00	17.00	15.00
<b>Performance indicators:</b>					
Return on equity (%)	9.2	7.6	1.7	3.6	(12.2)
Return on assets (%)	4.3	3.2	0.7	1.4	(4.8)
Equity ratio (%)	50.5	44.4	40.7	38.0	37.3
Interest coverage (times)	22.9	17.4	10.3	15.9	(32.9)
Assets turnover (times)	0.9	0.8	0.8	0.8	1.0
Inventory turnover (months)	3.0	3.6	2.8	2.4	1.8
<b>Other:</b>					
Number of employees	10,992	11,276	11,663	11,522	12,247

\* A description of diluted EPS (net income per share) for the year ended March 31, 2010 is omitted as the Group posted a net loss for the reporting year.

# Consolidated Balance Sheets

March 31, 2014 and 2013 Casio Computer Co., Ltd. and Consolidated Subsidiaries

Assets	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Current assets:</b>			
Cash and deposits (Notes 3 and 5)	¥ 90,759	¥ 56,029	\$ 881,155
Securities (Notes 3, 5 and 6)	26,001	57,139	252,437
Notes and accounts receivable:			
Trade (Note 5)	50,633	50,490	491,583
Allowance for doubtful accounts	(525)	(585)	(5,097)
Inventories (Note 4)	48,103	54,115	467,019
Deferred tax assets (Note 9)	5,161	8,002	50,107
Short-term loans receivable with resale agreement (Note 3)	15,820	15,490	153,592
Other	8,183	9,039	79,447
<b>Total current assets</b>	<b>244,135</b>	<b>249,719</b>	<b>2,370,243</b>
<b>Property, plant and equipment:</b>			
Land	36,924	37,206	358,486
Buildings and structures	61,714	61,692	599,165
Machinery, equipment and vehicles	12,793	12,403	124,204
Tools, furniture and fixtures	33,869	32,702	328,825
Leased assets	3,731	2,729	36,223
Construction in progress	1,127	1,001	10,942
	150,158	147,733	1,457,845
Accumulated depreciation	(86,213)	(83,352)	(837,020)
<b>Net property, plant and equipment</b>	<b>63,945</b>	<b>64,381</b>	<b>620,825</b>
<b>Investments and other assets:</b>			
Shares of associates	2,391	2,345	23,214
Investment securities (Notes 5 and 6)	27,910	28,056	270,971
Net defined benefit asset (Notes 2 and 10)	9,621	—	93,408
Deferred tax assets (Note 9)	9,520	13,791	92,427
Other	9,519	11,073	92,417
Allowance for doubtful accounts	(77)	(43)	(748)
<b>Total investments and other assets</b>	<b>58,884</b>	<b>55,222</b>	<b>571,689</b>
	¥366,964	¥369,322	\$3,562,757

Liabilities and Net Assets	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Current liabilities:</b>			
Short-term loans payable (Notes 5 and 8)	¥ 4,768	¥ 4,400	\$ 46,291
Current portion of bonds and long-term loans payable (Notes 5 and 8)	36,365	35,000	353,058
Notes and accounts payable:			
Trade (Note 5)	39,407	35,709	382,592
Other	19,727	18,777	191,524
Accrued expenses	13,177	12,849	127,932
Income taxes payable (Note 9)	2,755	2,321	26,748
Other	5,911	6,246	57,389
<b>Total current liabilities</b>	<b>122,110</b>	<b>115,302</b>	<b>1,185,534</b>
<b>Non-current liabilities:</b>			
Bonds and long-term loans payable (Notes 5 and 8)	45,000	74,428	436,893
Provision for retirement benefits (Note 10)	—	2,700	—
Net defined benefit liability (Notes 2 and 10)	860	—	8,349
Deferred tax liabilities (Note 9)	1,591	1,665	15,447
Other	12,147	11,259	117,932
<b>Total non-current liabilities</b>	<b>59,598</b>	<b>90,052</b>	<b>578,621</b>
<b>Contingent liabilities (Note 14)</b>			
<b>Net assets (Note 11):</b>			
<b>Shareholders' equity</b>			
Capital stock:			
Authorized — 471,693,000 shares			
Issued — 279,020,914 shares	48,592	48,592	471,767
Capital surplus	65,703	65,703	637,893
Retained earnings	70,447	62,523	683,952
Treasury shares	(8,603)	(8,592)	(83,524)
<b>Total shareholders' equity</b>	<b>176,139</b>	<b>168,226</b>	<b>1,710,088</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	6,335	3,624	61,505
Deferred gains or losses on hedges	(49)	(143)	(476)
Foreign currency translation adjustment	(2,577)	(7,825)	(25,020)
Remeasurements of defined benefit plans (Note 2)	5,292	—	51,379
<b>Total accumulated other comprehensive income</b>	<b>9,001</b>	<b>(4,344)</b>	<b>87,388</b>
<b>Minority interests</b>	<b>116</b>	<b>86</b>	<b>1,126</b>
<b>Total net assets</b>	<b>185,256</b>	<b>163,968</b>	<b>1,798,602</b>
	¥366,964	¥369,322	\$3,562,757

See accompanying notes.



# Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Years ended March 31, 2014 and 2013 Casio Computer Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Consolidated Statements of Income</b>			
<b>Net sales</b> (Note 13)	<b>¥321,761</b>	¥297,763	<b>\$3,123,893</b>
<b>Costs and expenses</b> (Note 13):			
Cost of sales	189,358	181,479	1,838,427
Selling, general and administrative expenses	97,475	88,313	946,359
Research and development expenses	8,352	7,918	81,088
	<b>295,185</b>	277,710	<b>2,865,874</b>
<b>Operating income</b> (Note 13)	<b>26,576</b>	20,053	<b>258,019</b>
<b>Other income (expenses):</b>			
Interest and dividend income	1,030	975	10,000
Interest expenses	(1,208)	(1,210)	(11,728)
Foreign exchange losses	(500)	(117)	(4,854)
Gain (loss) on valuation and sales of investment securities (Note 6)	20	(733)	194
Impairment loss (Notes 13 and 15)	(448)	(647)	(4,350)
Insurance income	—	518	—
Gain on revision of retirement benefit plan	—	385	—
Directors' retirement benefits (Note 2)	(2,134)	(6)	(20,718)
Other, net	(379)	(276)	(3,680)
	<b>(3,619)</b>	(1,111)	<b>(35,136)</b>
<b>Income before income taxes and minority interests</b>	<b>22,957</b>	18,942	<b>222,883</b>
<b>Income taxes</b> (Note 9):			
Current	4,238	3,746	41,146
Deferred	2,700	3,225	26,213
	<b>6,938</b>	6,971	<b>67,359</b>
<b>Income before minority interests</b>	<b>16,019</b>	11,971	<b>155,524</b>
Minority interests in income	30	95	291
<b>Net income</b>	<b>¥ 15,989</b>	¥ 11,876	<b>\$ 155,233</b>
		Yen	U.S. Dollars (Note 1)
<b>Amounts per share of common shares:</b>			
Net income	¥59.47	¥44.17	\$0.58
Diluted net income	59.45	44.15	0.58
Cash dividends applicable to the year	25.00	20.00	0.24

See accompanying notes.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Consolidated Statements of Comprehensive Income</b>			
<b>Income before minority interests</b>	<b>¥16,019</b>	¥11,971	<b>\$155,524</b>
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities	2,711	3,134	26,320
Deferred gains or losses on hedges	94	95	913
Foreign currency translation adjustment	5,248	4,344	50,952
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)	(0)
Total other comprehensive income	<b>8,053</b>	7,573	<b>78,185</b>
<b>Comprehensive income</b>	<b>¥24,072</b>	¥19,544	<b>\$233,709</b>
Comprehensive income attributable to:			
Owners of parent	¥24,042	¥19,450	\$233,418
Minority interests	30	94	291

Reclassification adjustments and tax effects for other comprehensive income for the year ended March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Valuation difference on available-for-sale securities			
Increase (decrease) during period	¥ 4,121	¥ 4,135	\$ 40,009
Reclassification adjustments	90	733	874
Amount before income tax effect	4,211	4,868	40,883
Income tax effect	(1,500)	(1,734)	(14,563)
Total	<b>2,711</b>	3,134	<b>26,320</b>
Deferred gains or losses on hedges			
Reclassification adjustments	154	153	1,495
Amount before income tax effect	154	153	1,495
Income tax effect	(60)	(58)	(582)
Total	<b>94</b>	95	<b>913</b>
Foreign currency translation adjustment			
Increase (decrease) during period	5,248	4,344	50,952
Share of other comprehensive income of entities accounted for using equity method			
Increase (decrease) during period	(0)	(0)	(0)
Total other comprehensive income	<b>¥ 8,053</b>	¥ 7,573	<b>\$ 78,185</b>

See accompanying notes.

# Consolidated Statements of Changes in Net Assets

Years ended March 31, 2014 and 2013 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	Minority interests	Total net assets
<b>Balance at April 1, 2012</b>	279,020,914	¥48,592	¥65,703	¥55,218	¥(8,590)	¥ 490	¥(238)	¥(12,170)	¥ —	¥ 249	¥149,254
Dividends of surplus (¥17.00 per share)	—	—	—	(4,571)	—	—	—	—	—	—	(4,571)
Net income	—	—	—	11,876	—	—	—	—	—	—	11,876
Purchase of treasury shares	—	—	—	—	(2)	—	—	—	—	—	(2)
Disposal of treasury shares	—	—	(0)	—	0	—	—	—	—	—	0
Net changes of items other than shareholders' equity	—	—	—	—	—	3,134	95	4,345	—	(163)	7,411
<b>Balance at April 1, 2013</b>	279,020,914	¥48,592	¥65,703	¥62,523	¥(8,592)	¥3,624	¥(143)	¥ (7,825)	—	¥ 86	163,968
Dividends of surplus (¥20.00 per share)	—	—	—	(8,065)	—	—	—	—	—	—	(8,065)
Net income	—	—	—	15,989	—	—	—	—	—	—	15,989
Purchase of treasury shares	—	—	—	—	(11)	—	—	—	—	—	(11)
Disposal of treasury shares	—	—	0	—	0	—	—	—	—	—	0
Net changes of items other than shareholders' equity	—	—	—	—	—	2,711	94	5,248	5,292	30	13,375
<b>Balance at March 31, 2014</b>	<b>279,020,914</b>	<b>¥48,592</b>	<b>¥65,703</b>	<b>¥70,447</b>	<b>¥(8,603)</b>	<b>¥6,335</b>	<b>¥ (49)</b>	<b>¥ (2,577)</b>	<b>¥5,292</b>	<b>¥ 116</b>	<b>¥185,256</b>

Thousands of U.S. Dollars (Note 1)

<b>Balance at April 1, 2013</b>	\$471,767	\$637,893	\$607,020	\$(83,417)	\$35,185	\$(1,389)	\$(75,972)	\$ —	\$ 835	\$1,591,922
Dividends of surplus (\$0.19 per share)	—	—	(78,301)	—	—	—	—	—	—	(78,301)
Net income	—	—	155,233	—	—	—	—	—	—	155,233
Purchase of treasury shares	—	—	—	(107)	—	—	—	—	—	(107)
Disposal of treasury shares	—	0	—	0	—	—	—	—	—	0
Net changes of items other than shareholders' equity	—	—	—	—	26,320	913	50,952	51,379	291	129,855
<b>Balance at March 31, 2014</b>	<b>\$471,767</b>	<b>\$637,893</b>	<b>\$683,952</b>	<b>\$(83,524)</b>	<b>\$61,505</b>	<b>\$ (476)</b>	<b>\$(25,020)</b>	<b>\$51,379</b>	<b>\$1,126</b>	<b>\$1,798,602</b>

See accompanying notes.

# Consolidated Statements of Cash Flows

Years ended March 31, 2014 and 2013 Casio Computer Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	¥ 22,957	¥ 18,942	\$ 222,883
Depreciation	8,889	8,372	86,301
Impairment loss	448	647	4,350
Loss (gain) on sales and retirement of non-current assets	224	275	2,175
Loss (gain) on sales of investment securities	(414)	—	(4,019)
Loss (gain) on valuation of investment securities	394	733	3,825
Increase (decrease) in provision for retirement benefits	—	(8,744)	—
Increase (decrease) in net defined benefit liability	(1,947)	—	(18,903)
Increase (decrease) in provision for directors' retirement benefits	(1,873)	36	(18,184)
Interest and dividend income	(1,030)	(975)	(10,000)
Interest expenses	1,208	1,210	11,728
Foreign exchange losses (gains)	(363)	(796)	(3,524)
Share of (profit) loss of entities accounted for using equity method	(48)	(86)	(466)
Decrease (increase) in notes and accounts receivable—trade	1,616	8,737	15,689
Decrease (increase) in inventories	9,876	(5,723)	95,883
Increase (decrease) in notes and accounts payable—trade	1,997	(15,237)	19,388
Decrease/increase in consumption taxes receivable/payable	(292)	298	(2,835)
Other, net	2,809	5,141	27,272
<b>Subtotal</b>	<b>44,451</b>	<b>12,830</b>	<b>431,563</b>
Interest and dividend income received	1,157	1,137	11,233
Interest expenses paid	(1,223)	(1,151)	(11,873)
Income taxes paid	(4,278)	(3,338)	(41,534)
<b>Net cash provided by (used in) operating activities</b>	<b>40,107</b>	<b>9,478</b>	<b>389,389</b>
<b>Cash flows from investing activities</b>			
Payments into time deposits	(16,890)	(11,798)	(163,981)
Proceeds from withdrawal of time deposits	11,531	11,408	111,952
Purchase of property, plant and equipment	(5,303)	(6,916)	(51,485)
Proceeds from sales of property, plant and equipment	263	66	2,553
Purchase of intangible assets	(3,424)	(3,350)	(33,243)
Purchase of investment securities	(5,988)	(14,109)	(58,136)
Proceeds from sales and redemption of investment securities	28,393	11,655	275,660
Purchase of shares of subsidiaries and associates	—	(263)	—
Other, net	(538)	(70)	(5,223)
<b>Net cash provided by (used in) investing activities</b>	<b>8,044</b>	<b>(13,377)</b>	<b>78,097</b>

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable	¥ 368	¥ 583	\$ 3,573
Proceeds from long-term loans payable	25,000	—	242,718
Repayments of long-term loans payable	(45,000)	—	(436,893)
Redemption of bonds	(10,000)	—	(97,088)
Purchase of treasury shares	(13)	(2)	(126)
Proceeds from sales of treasury shares	0	0	0
Repayments of finance lease obligations	(813)	(705)	(7,893)
Cash dividends paid	(8,065)	(4,571)	(78,301)
<b>Net cash provided by (used in) financing activities</b>	<b>(38,523)</b>	<b>(4,695)</b>	<b>(374,010)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>7,151</b>	<b>5,234</b>	<b>69,427</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>16,779</b>	<b>(3,360)</b>	<b>162,903</b>
<b>Cash and cash equivalents at beginning of period (Note 3)</b>	<b>97,350</b>	<b>100,710</b>	<b>945,146</b>
<b>Cash and cash equivalents at end of period (Note 3)</b>	<b>¥114,129</b>	<b>¥ 97,350</b>	<b>\$1,108,049</b>

See accompanying notes.

# Notes to Consolidated Financial Statements

Years ended March 31, 2014 and 2013 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, 2014, which was ¥103 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 minority shareholders of the subsidiary are determined using the financial statements of the subsidiary.

Material intercompany balances, transactions and profits have been eliminated in consolidation.

The difference between the cost and underlying fair value of the net 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 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. Other securities, except for trading securities ("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 standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in the fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate 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.

### 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 of the head office of the Company, buildings, excluding building fixtures, acquired on or after April 1, 1998, and structures 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 12 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 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 have applied the consolidated tax payment system from the fiscal year ended March 31, 2014.

The Group recognizes tax effects of temporary differences between the financial statement and the tax basis of assets and liabilities. The provision for income taxes is computed based on the income before income taxes and minority interests included in the statements of income of each company of the Group. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

### Appropriations of retained earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

### Amounts per share of common shares

Net income 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.

### Reclassifications

Certain reclassifications have been made in the 2013 consolidated financial statements to conform to the 2014 presentation.

### Changes in accounting policies

Effective from the year ended March 31, 2014, the Company and its consolidated subsidiaries in Japan have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012 (hereinafter, "Statement No. 26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012 (hereinafter, "Guidance No. 25")) except article 35 of Statement No. 26 and article 67 of Guidance No. 25, and unrecognized actuarial differences and prior service costs have been recognized and the difference between projected benefit obligation and pension plan assets has been recognized as a net defined benefit liability (or as a net defined benefit asset if the amount of pension plan assets exceeds the retirement benefit obligation).

In accordance with article 37 of Statement No. 26, the effect of the change in accounting policies arising from initial application has been recognized in remeasurements of defined benefit plans in accumulated other comprehensive income.

As a result, the Group recorded ¥9,621 million (\$93,408 thousand) of net defined benefit asset and ¥860 million (\$8,349 thousand) of net defined benefit liability as of March 31, 2014. Furthermore, accumulated other comprehensive income increased by ¥5,292 million (\$51,379 thousand) as of March 31, 2014.

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

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012)

"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012)

#### (1) Overview

From the standpoint of improving financial reporting and considering international trends, the aforementioned accounting standard and guidance principally reflect the following amendments: Changes in the treatment of unrecognized actuarial differences and prior service costs; Amendments to the determination of projected benefit obligation and current service costs; and Enhanced disclosures.

#### (2) Planned Effective Dates

Amendments to the determination of projected benefit obligation and current service costs are scheduled to be applied from the beginning of the fiscal year ending March 31, 2015.

#### (3) Effect of Adopting this Accounting Standard and Guidance

The Company is currently evaluating the effect of adopting this accounting standard and guidance on the consolidated financial statements at the time of preparation of these statements.

### Additional information

The Group recorded accrued benefits at the end of the fiscal year based on the regulations for directors' retirement benefits, as provision for payment of the retirement benefits of directors. However, at a meeting of the board of directors on May 21, 2013, a resolution was passed to terminate the retirement benefits system for directors at the close of the annual shareholders' meeting that was then held on June 27, 2013, and the same shareholders' meeting accordingly resolved to cease payment of directors' retirement benefits.

As a result, the Group recorded a reversal of accrued retirement benefits for directors and statutory auditors. The unpaid portion of the amount of the ceased payments was recorded as long-term accounts payable-other of ¥3,957 million (\$38,417 thousand) included in other under non-current liabilities. The Group also recorded directors' retirement benefits included in other expenses of ¥2,122 million (\$20,602 thousand).

## 3. Cash and Cash Equivalents

### (1) Cash and cash equivalents at March 31, 2014 and 2013

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Cash and deposits	¥ 90,759	¥ 56,029	\$ 881,155
Time deposits over three months	(15,449)	(10,267)	(149,990)
Debt securities within three months to maturity	22,999	36,098	223,292
Short-term loans receivable with resale agreement	15,820	15,490	153,592
Cash and cash equivalents	¥114,129	¥ 97,350	\$1,108,049

### (2) Significant non-cash transactions

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Assets relating to finance lease transactions	¥594	¥683	\$5,767
Obligations relating to finance lease transactions	625	719	6,068

## 4. Inventories

Inventories at March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Finished goods	¥35,469	¥39,665	\$344,359
Work in process	5,314	5,573	51,592
Raw materials and supplies	7,320	8,877	71,068
Total	¥48,103	¥54,115	\$467,019

## 5. Fair Value of Financial Instruments

Information on financial instruments for the years ended March 31, 2014 and 2013:

### (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 and accounts payable-other have a due date of within one year.

Operating payables, loans payable, and bonds payable 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 assets and liabilities denominated in foreign currencies, as well as interest rate swap contracts to fix the cash flows associated with loans payable and bonds payable or to offset market fluctuation risks. 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.

#### 3) Supplemental information on fair values

The fair value of financial instruments is calculated based on quoted market price or, in 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, 2014 and 2013. Items for which fair value is difficult to estimate are not included in the following table (see (Note) 2 on P27).

For 2014	Millions of Yen		
	Book value	Fair value	Difference
<b>Assets</b>			
[1] Cash and deposits	¥ 90,759	¥ 90,759	¥ —
[2] Notes and accounts receivable—trade	50,633	50,633	—
[3] Securities and investment securities			
a. Held-to-maturity debt securities	10,000	10,000	—
b. Available-for-sale securities	43,601	43,601	—
Total assets	¥194,993	¥194,993	¥ —
<b>Liabilities</b>			
[1] Notes and accounts payable—trade	¥ 39,407	¥ 39,407	¥ —
[2] Short-term loans payable	4,768	4,768	—
[3] Accounts payable—other	19,727	19,727	—
[4] Bonds payable	22,366	22,601	235
[5] Long-term loans payable	58,749	59,146	397
Total liabilities	¥145,017	¥145,649	¥632
Derivative transactions *	¥ 282	¥ 282	¥ —

For 2014	Thousands of U.S. Dollars		
	Book value	Fair value	Difference
<b>Assets</b>			
[1] Cash and deposits	\$ 881,155	\$ 881,155	\$ —
[2] Notes and accounts receivable—trade	491,583	491,583	—
[3] Securities and investment securities			
a. Held-to-maturity debt securities	97,087	97,087	—
b. Available-for-sale securities	423,311	423,311	—
Total assets	\$1,893,136	\$1,893,136	\$ —
<b>Liabilities</b>			
[1] Notes and accounts payable—trade	\$ 382,592	\$ 382,592	\$ —
[2] Short-term loans payable	46,291	46,291	—
[3] Accounts payable—other	191,524	191,524	—
[4] Bonds payable	217,146	219,428	2,282
[5] Long-term loans payable	570,379	574,233	3,854
Total liabilities	\$1,407,932	\$1,414,068	\$6,136
Derivative transactions *	\$ 2,738	\$ 2,738	\$ —

For 2013	Millions of Yen		
	Book value	Fair value	Difference
<b>Assets</b>			
[1] Cash and deposits	¥ 56,029	¥ 56,029	¥ —
[2] Notes and accounts receivable—trade	50,490	50,490	—
[3] Securities and investment securities			
a. Held-to-maturity debt securities	3,298	3,308	10
b. Available-for-sale securities	81,348	81,348	—
Total assets	¥191,165	¥191,175	¥ 10
<b>Liabilities</b>			
[1] Notes and accounts payable—trade	¥ 35,709	¥ 35,709	¥ —
[2] Short-term loans payable	4,400	4,400	—
[3] Accounts payable—other	18,777	18,777	—
[4] Bonds payable	31,278	31,680	402
[5] Long-term loans payable	77,900	78,384	484
Total liabilities	¥168,064	¥168,950	¥886
Derivative transactions *	¥ (222)	¥ (222)	¥ —

\* Net receivables and payables, which are derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

**(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 purposes.

**Liabilities**

**[1] Notes and accounts payable—trade, [2] Short-term loans payable, [3] Accounts payable—other**

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

**[4] Bonds payable**

The fair value of bonds payable is calculated by using the discounted cash flow, based on the sum of the principal and total interest over the remaining period and credit risk.

**[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
	2014 Book value	2013 Book value	2014 Book value
Unlisted shares	¥2,701	¥2,894	\$26,223

The market price of the above shares is not available and the future cash flow cannot be estimated. Therefore, the fair value is difficult to estimate. Hence, these are not included in “[3] Securities and investment securities” on P26–27.

In the fiscal year ended March 31, 2014, the Group booked impairment loss of ¥386 million (\$3,748 thousand) for unlisted shares.



**(Note) 3: Monetary claims, securities and investment securities with repayment due dates after March 31, 2014 and 2013**

	Millions of Yen			
	Within one year	Within five years	Within ten years	Over ten years
<b>For 2014</b>				
Cash and deposits	¥ 90,759	¥—	¥—	¥—
Notes and accounts receivable—trade	50,633	—	—	—
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	—	—	—	—
(2) Corporate bonds	—	—	—	—
(3) Others	10,000	—	—	—
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	—	—	—	—
b. Corporate bonds	9,000	—	—	—
c. Others	3,000	—	—	—
(2) Others	4,000	—	—	—
<b>Total</b>	<b>¥167,392</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>

	Thousands of U.S. Dollars			
	Within one year	Within five years	Within ten years	Over ten years
<b>For 2014</b>				
Cash and deposits	\$ 881,155	\$—	\$—	\$—
Notes and accounts receivable—trade	491,583	—	—	—
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	—	—	—	—
(2) Corporate bonds	—	—	—	—
(3) Others	97,087	—	—	—
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	—	—	—	—
b. Corporate bonds	87,379	—	—	—
c. Others	29,126	—	—	—
(2) Others	38,835	—	—	—
<b>Total</b>	<b>\$1,625,165</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>

	Millions of Yen			
	Within one year	Within five years	Within ten years	Over ten years
<b>For 2013</b>				
Cash and deposits	¥ 56,029	¥—	¥—	¥—
Notes and accounts receivable—trade	50,490	—	—	—
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	—	—	—	—
(2) Corporate bonds	—	—	—	—
(3) Others	3,298	—	—	—
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	—	—	—	—
b. Corporate bonds	20,600	5,000	—	—
c. Others	24,700	—	—	—
(2) Others	8,500	—	—	—
<b>Total</b>	<b>¥163,617</b>	<b>¥5,000</b>	<b>¥—</b>	<b>¥—</b>

**(Note) 4: Bonds and long-term loans payable and other interest-bearing liabilities with repayment due dates after March 31, 2014 and 2013**

	Millions of Yen					
	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
<b>For 2014</b>						
Short-term loans payable	¥ 4,768	¥—	¥—	¥—	¥—	¥—
Bonds payable	7,366	15,000	—	—	—	—
Long-term loans payable	28,749	—	23,000	2,000	5,000	—
<b>Total</b>	<b>¥40,883</b>	<b>¥15,000</b>	<b>¥23,000</b>	<b>¥2,000</b>	<b>¥5,000</b>	<b>¥—</b>

	Thousands of U.S. Dollars					
	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
<b>For 2014</b>						
Short-term loans payable	\$ 46,291	\$—	\$—	\$—	\$—	\$—
Bonds payable	71,515	145,631	—	—	—	—
Long-term loans payable	279,116	—	223,301	19,417	48,544	—
<b>Total</b>	<b>\$396,922</b>	<b>\$145,631</b>	<b>\$223,301</b>	<b>\$19,417</b>	<b>\$48,544</b>	<b>\$—</b>

	Millions of Yen					
	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
<b>For 2013</b>						
Short-term loans payable	¥ 4,400	¥—	¥—	¥—	¥—	¥—
Bonds payable	10,000	6,278	15,000	—	—	—
Long-term loans payable	25,000	47,900	—	—	—	5,000
<b>Total</b>	<b>¥39,400</b>	<b>¥54,178</b>	<b>¥15,000</b>	<b>¥—</b>	<b>¥—</b>	<b>¥5,000</b>

## 6. Securities and Investment Securities

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

	Millions of Yen		
	Book value	Fair value	Difference
			<b>2014</b>
Securities with fair values exceeding book values	¥10,000	¥10,000	¥—
Securities other than the above	—	—	—
Total	¥10,000	¥10,000	¥—

	Thousands of U.S. Dollars		
	Book value	Fair value	Difference
			<b>2014</b>
Securities with fair values exceeding book values	\$97,087	\$97,087	\$—
Securities other than the above	—	—	—
Total	\$97,087	\$97,087	\$—

	Millions of Yen		
	Book value	Fair value	Difference
			2013
Securities with fair values exceeding book values	¥3,298	¥3,308	¥10
Securities other than the above	—	—	—
Total	¥3,298	¥3,308	¥10

### (2) Available-for-sale securities

Securities with book values exceeding acquisition costs:

	Millions of Yen		
	Book value	Acquisition cost	Difference
			<b>2014</b>
Equity securities	¥25,512	¥15,448	¥10,064
Debt securities	12,001	11,999	2
Others	4,000	4,000	—
Total	¥41,513	¥31,447	¥10,066

	Thousands of U.S. Dollars		
	Book value	Acquisition cost	Difference
			<b>2014</b>
Equity securities	\$247,689	\$149,981	\$97,708
Debt securities	116,515	116,495	20
Others	38,835	38,835	—
Total	\$403,039	\$305,311	\$97,728

	Millions of Yen		
	Book value	Acquisition cost	Difference
			2013
Equity securities	¥18,262	¥12,064	¥6,198
Debt securities	50,356	50,308	48
Others	8,502	8,502	0
Total	¥77,120	¥70,874	¥6,246

Securities other than the above:

	Millions of Yen		
	Book value	Acquisition cost	Difference
			<b>2014</b>
Equity securities	¥2,088	¥2,311	¥(223)
Debt securities	—	—	—
Others	—	—	—
Total	¥2,088	¥2,311	¥(223)

	Thousands of U.S. Dollars		
	Book value	Acquisition cost	Difference
			<b>2014</b>
Equity securities	\$20,272	\$22,437	\$(2,165)
Debt securities	—	—	—
Others	—	—	—
Total	\$20,272	\$22,437	\$(2,165)

	Millions of Yen		
	Book value	Acquisition cost	Difference
			2013
Equity securities	¥4,228	¥4,686	¥(458)
Debt securities	—	—	—
Others	—	—	—
Total	¥4,228	¥4,686	¥(458)

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

### (3) Available-for-sale securities sold in the years ended March 31, 2014 and 2013

	Millions of Yen		
	Sales amount	Gross realized gains	Gross realized losses
			<b>2014</b>
Equity securities	¥ —	¥ —	¥ —
Debt securities	5,000	3	—
Others	—	—	—
Total	¥5,000	¥ 3	¥ —

	Thousands of U.S. Dollars		
	2014		
	Sales amount	Gross realized gains	Gross realized losses
Equity securities	\$ —	\$ —	\$ —
Debt securities	48,544	29	—
Others	—	—	—
<b>Total</b>	<b>\$48,544</b>	<b>\$29</b>	<b>\$—</b>

	Millions of Yen		
	2013		
	Sales amount	Gross realized gains	Gross realized losses
Equity securities	¥—	¥—	¥—
Debt securities	—	—	—
Others	—	—	—
<b>Total</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>

#### (4) Securities and investment securities impaired

Certain securities are impaired for the years ended March 31, 2014 and 2013. An impairment loss of ¥8 million (\$78 thousand), comprising ¥7 million (\$68 thousand) on "available-for-sale securities" and ¥1 million (\$10 thousand) on other securities was recorded for the year ended March 31, 2014. An impairment loss of ¥733 million, comprising ¥728 million on "available-for-sale securities" and ¥5 million on other securities was recorded for the year ended March 31, 2013.

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

The aggregate amounts contracted to be paid or received and the fair values of derivative transactions of the Group at March 31, 2014 and 2013:

#### Derivative transactions not subject to hedge accounting

##### (1) Currency-related derivatives

Not applicable at March 31, 2014.

	Millions of Yen			
	2013			
	Contract amount		Fair value	Realized gain (loss)
Total	Due after one year			
Forward contracts:				
To sell:				
Euros	¥3,223	¥—	¥(158)	¥(158)
Chinese yuan	1,650	—	(289)	(289)
<b>Total</b>	<b>¥ —</b>	<b>¥—</b>	<b>¥(447)</b>	<b>¥(447)</b>

(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

	Millions of Yen			
	2014			
	Contract amount		Fair value	Realized gain (loss)
Total	Due after one year			
Interest rate swaps:				
Receive fix/Pay float	¥10,000	¥10,000	¥282	¥57
<b>Total</b>	<b>¥10,000</b>	<b>¥10,000</b>	<b>¥282</b>	<b>¥57</b>

	Thousands of U.S. Dollars			
	2014			
	Contract amount		Fair value	Realized gain (loss)
Total	Due after one year			
Interest rate swaps:				
Receive fix/Pay float	\$97,087	\$97,087	\$2,738	\$553
<b>Total</b>	<b>\$97,087</b>	<b>\$97,087</b>	<b>\$2,738</b>	<b>\$553</b>

	Millions of Yen			
	2013			
	Contract amount		Fair value	Realized gain (loss)
Total	Due after one year			
Interest rate swaps:				
Receive fix/Pay float	¥10,000	¥10,000	¥225	¥269
<b>Total</b>	<b>¥10,000</b>	<b>¥10,000</b>	<b>¥225</b>	<b>¥269</b>

(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. Transactions are transactions other than market transactions.

## Derivative transactions subject to hedge accounting

### (1) Currency-related derivatives

			Millions of Yen		
			2014		
			Contract amount		Fair value
			Total	Due after one year	
Hedge accounting method	Type	Main hedged item	Total	Due after one year	Fair value
Forward contracts that are subject to appropriated treatment	Forward contracts: To sell				
	Chinese yuan	Foreign-currency deposits	¥13,835	¥—	(Note)
	British pounds	Foreign-currency deposits	4,969	—	(Note)
Total			¥18,804	¥—	¥—

			Thousands of U.S. Dollars		
			2014		
			Contract amount		Fair value
			Total	Due after one year	
Hedge accounting method	Type	Main hedged item	Total	Due after one year	Fair value
Forward contracts that are subject to appropriated treatment	Forward contracts: To sell				
	Chinese yuan	Foreign-currency deposits	\$134,320	\$—	(Note)
	British pounds	Foreign-currency deposits	48,243	—	(Note)
Total			\$182,563	\$—	\$—

			Millions of Yen		
			2013		
			Contract amount		Fair value
			Total	Due after one year	
Hedge accounting method	Type	Main hedged item	Total	Due after one year	Fair value
Forward contracts that are subject to appropriated treatment	Forward contracts: To sell				
	Chinese yuan	Foreign-currency deposits	¥ 9,754	¥—	(Note)
	Australian dollars	Foreign-currency Held-to-maturity debt securities	1,298	—	(Note)
Total			¥11,052	¥—	¥—

(Note): Since forward contracts that are subject to appropriated treatment are accounted for together with deposits or securities which are hedged items, their fair value is included in the fair value of the said deposits or securities.

### (2) Interest rate-related derivatives

			Millions of Yen		
			2014		
			Contract amount		Fair value
			Total	Due after one year	
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	¥14,750	¥1,000	(Note) 2
			¥14,750	¥1,000	¥—
Total			¥14,750	¥1,000	¥—

			Thousands of U.S. Dollars		
			2014		
			Contract amount		Fair value
			Total	Due after one year	
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	\$143,204	\$9,709	(Note) 2
			\$143,204	\$9,709	\$—
Total			\$143,204	\$9,709	\$—

			Millions of Yen		
			2013		
			Contract amount		Fair value
			Total	Due after one year	
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	¥22,900	¥12,900	(Note) 2
			¥22,900	¥12,900	¥—
Total			¥22,900	¥12,900	¥—

(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 1.0% and 1.2% per annum at March 31, 2014 and 2013, respectively.

(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, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Euro-yen convertible bond-type bonds with subscription rights to shares due in 2015*	¥ 250	¥ 250	\$ 2,427
1.32% unsecured bonds due in 2014	—	10,000	—
1.07% unsecured bonds due in 2015	15,000	15,000	145,631
1.785% unsecured Eurobonds due in 2015	7,366	6,278	71,515
Loans principally from banks at average interest rates of 0.7% due within one year**	28,749	25,000	279,116
Loans principally from banks at average interest rates of 0.5% due over one year**	30,000	52,900	291,262
Total	81,365	109,428	789,951
Less amount due within one year	36,365	35,000	353,058
	¥45,000	¥ 74,428	\$436,893

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

Type of shares involved: common shares

Price of warrant: gratis

Share issue price: ¥1,952

Total issue amount: ¥50,000 million

Total value of new shares issued upon exercise of warrants: —

Warrant-linked: 100%

Period of exercise of warrants: July 3, 2008 to March 17, 2015

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 lump-sum.

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

\*\* An average interest rate is the weighted average rate on the year-end balance of loans payable.

The annual maturities of bonds and long-term loans payable at March 31, 2014:

Year ending March 31	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
2015	¥36,365	—	\$353,058
2016	15,000	—	145,631
2017	23,000	—	223,301
2018	2,000	—	19,417
2019	5,000	—	48,544
Thereafter	—	—	—

The annual maturities of lease obligations at March 31, 2014:

Year ending March 31	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
2015	¥840	—	\$8,155
2016	690	—	6,699
2017	488	—	4,738
2018	249	—	2,417
2019	73	—	709
Thereafter	164	—	1,592

The lines of credit with the main financial institutions agreed as of March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2013
Line of credit	¥57,300	¥57,450	\$556,311
Unused	57,300	57,450	556,311

## 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, 2014 and 2013.

	2014	2013
Statutory tax rate	38.0%	—
Increase (reduction) in tax resulting from:		
Difference in statutory tax rate (including overseas subsidiaries)	(7.7)	—
Valuation allowance	(9.5)	—
Retained earnings of overseas subsidiaries	9.4	—
Decreasing adjustment in deferred tax assets at the year-end due to statutory tax rate	2.1	—
Other	(2.1)	—
Actual income tax rate	30.2%	—

(Note): In the fiscal year ended March 31, 2013, the difference between the statutory tax rate and the actual income tax rate after application of deferred tax accounting was negligible. Accordingly, disclosure has been omitted.

(2) Significant components of deferred tax assets and liabilities as of March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax assets:			
Net operating loss carryforwards	¥ 23,974	¥ 26,609	\$ 232,757
Retirement benefits and the related expenses	2,705	6,594	26,262
Inventories	1,955	1,866	18,981
Accrued expenses (bonuses to employees)	1,904	1,939	18,486
Property, plant and equipment	1,263	1,343	12,262
Other	6,245	5,554	60,631
Gross deferred tax assets	38,046	43,905	369,379
Valuation allowance	(17,548)	(19,740)	(170,369)
Total deferred tax assets	20,498	24,165	199,010



	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(3,587)	(2,226)	(34,825)
Retained earnings of overseas subsidiaries	(2,157)	—	(20,942)
Unrealized holding gain	(1,506)	(1,651)	(14,622)
Reserve for advanced depreciation of non-current assets	(92)	(96)	(893)
Other	(66)	(64)	(641)
Total deferred tax liabilities	(7,408)	(4,037)	(71,923)
Net deferred tax assets	¥ 13,090	¥ 20,128	\$ 127,087

(3) Adjustments of amount of deferred tax assets and liabilities for enacted changes in tax laws and rates  
The "Act Regarding Revision of Part of the Income Tax Act, etc." was issued on March 31, 2014, and the special corporate tax for reconstruction ceased to be levied from years starting on or after April 1, 2014. In accordance with this revision, the effective statutory tax rates that are used to measure deferred tax assets and deferred tax liabilities, have been reduced to 35.6% from the 38.0% of the previous fiscal year, in light of the temporary difference that is expected to be annulled in the year starting on April 1, 2014. As a result, the amount of net deferred tax assets was decreased by ¥475 million (\$4,612 thousand), and income tax—deferred was increased by ¥473 million (\$4,592 thousand).

## 10. Retirement Benefits

### For 2014

(1) *Defined benefit plan (Accounting treatment of the defined benefit plan, including the corporate pension plan of multiple employer plan)*

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2014	2014
Projected benefit obligation at beginning of period	¥48,929		\$475,039
Service cost	1,640		15,922
Interest cost	938		9,107
Actuarial differences accrued	(1,058)		(10,272)
Benefits paid	(1,981)		(19,233)
Other	357		3,466
Projected benefit obligation at end of period	¥48,825		\$474,029

2) Movements in pension plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2014	2014	2014
Pension plan assets at beginning of period	¥52,546		\$510,155
Expected return on pension plan assets	1,711		16,612
Actuarial differences accrued	3,515		34,126
Contributions paid by the employer	1,671		16,223
Benefits paid	(1,980)		(19,223)
Other	265		2,573
Pension plan assets at end of period	¥57,728		\$560,466

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2014	2014
Net defined benefit liability at beginning of period	¥ 129		\$ 1,252
Retirement benefit expenses	231		2,243
Benefits paid	(31)		(301)
Contributions paid by the employer	(205)		(1,990)
Other	18		175
Net defined benefit liability at end of period	¥ 142		\$ 1,379

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2014	2014
Funded projected benefit obligation	¥53,029		\$514,845
Pension plan assets	(61,945)		(601,408)
Unfunded projected benefit obligation	155		1,504
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets	(8,761)		(85,059)
Net defined benefit liability	860		8,349
Net defined benefit asset	(9,621)		(93,408)
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets	(8,761)		(85,059)

(Note): Including plans applied the simplified method.

## 5) Retirement benefit expenses

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Service cost	¥ 1,640	\$ 15,922
Interest cost	938	9,107
Expected return on pension plan assets	(1,711)	(16,612)
Amortization of actuarial differences	1,915	18,592
Amortization of prior service costs	(1,884)	(18,291)
Retirement benefit expenses based on the simplified method	231	2,243
Retirement benefit expenses	¥ 1,129	\$ 10,961

## 6) Accumulated adjustments for retirement benefit

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Unrecognized actuarial differences	¥ 7,105	\$ 68,980
Unrecognized prior service costs	(15,312)	(148,660)
Total	¥ (8,207)	\$ (79,680)

## 7) Pension plan assets

## (i) Pension plan assets comprise:

	2014
Equity securities	55%
Debt securities	13%
General account	22%
Others	10%
Total	100%

(Note): The total pension plan assets include 15% of the employee retirement benefit trust set up for corporate pension plans.

## (ii) Long-term expected rate of return

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

## 8) Actuarial assumptions

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

	2014
Discount rate	mainly 1.7%
Long-term expected rate of return	mainly 3.0%

## (2) Defined Contribution Plan

The required contributions to the defined contribution plans of the Company and its consolidated subsidiaries were ¥1,004 million (\$9,748 thousand).

## For 2013

## (1) Projected benefit obligation

	Millions of Yen
	2013
Projected benefit obligation	¥ 52,607
Less fair value of pension plan assets*	(56,095)
Unrecognized actuarial differences	(13,580)
Unrecognized prior service costs	17,196
Prepaid pension cost	2,572
Provision for retirement benefits	¥ 2,700

\* Including the employee retirement benefit trust

(Notes): 1. The Company and some of its consolidated subsidiaries in Japan transferred part of the defined benefit plan to a defined contribution plan. The effect of this transfer was as follows:

Decrease in projected benefit obligation	¥14,834 million
Unrecognized actuarial differences	(4,578)
Unrecognized prior service costs	985
Increase in prepaid pension cost	¥ 2,495 million
Decrease in provision for retirement benefits	8,746

Furthermore, the Company and some of its consolidated subsidiaries in Japan plan to transfer ¥10,856 million in assets to the defined contribution plan over a period of 8 years from the fiscal year ended March 31, 2013. Untransferred assets of ¥8,836 million as of March 31, 2013 were recorded as accounts payable—other under current liabilities and other under non-current liabilities.

2. Certain subsidiaries have adopted the simplified method to calculate projected benefit obligation.

## (2) Retirement benefit expenses

	Millions of Yen
	2013
Service cost	¥ 2,111
Interest cost	896
Expected return on pension plan assets	(1,486)
Amortization of actuarial differences	2,279
Amortization of prior service costs	(1,894)
Other	1,000
Retirement benefit expenses	¥ 2,906

(3) The discount rate and the rate of expected return on pension plan assets used by the Group are 1.7% and 3.0%, respectively.

### Accounting treatment of retirement benefits for 2014 and 2013

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated using a points basis. Actuarial differences are to be recognized in expenses using the straight-line method over 9–15 years (a certain period not exceeding the average of the estimated remaining service lives commencing with the next period). Prior service costs are to be recognized in expenses using the straight-line method over 9–15 years (a certain period not exceeding the average of the estimated remaining service lives).

## 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 first year for which the new accounting standards were applied

The outstanding future lease payments as of March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Future lease payments:			
Due within one year	¥14	¥ 20	\$136
Due over one year	69	83	670
Total	¥83	¥103	\$806

Total lease expenses (corresponding to total assumed depreciation cost and total assumed interest cost) as lessee for the years ended March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Total lease expenses	¥24	¥56	\$233
Total assumed depreciation cost	18	48	175
Total assumed interest cost	4	5	39

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, 2014 and 2013:

	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥192	¥123	¥69
Total	¥192	¥123	¥69

	Thousands of U.S. Dollars		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	\$1,864	\$1,194	\$670
Total	\$1,864	\$1,194	\$670

	Millions of Yen		
	2013		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥232	¥146	¥86
Tools, furniture and fixtures	20	19	1
Other	15	15	0
Total	¥267	¥180	¥87

(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.

### (2) Finance leases

See Note 2 on P24.

**(3) Operating leases**

The outstanding future noncancellable lease payments as of March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Future lease payments:			
Due within one year	¥202	¥204	\$1,961
Due over one year	554	740	5,379
Total	¥756	¥944	\$7,340

**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 P23–25. Intersegment profits are based on the market price.

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

Segment information as of and for the years ended March 31, 2014 and 2013:

	Reportable segments					Millions of Yen	
	Consumer	System equipment	Others	Total	Adjustments*	Amounts on consolidated financial statements**	
<b>For 2014</b>							
Net sales:							
Outside customers	¥264,404	¥45,299	¥12,058	¥321,761	¥ —	¥321,761	
Intersegment	3	63	4,445	4,511	(4,511)	—	
Total	264,407	45,362	16,503	326,272	(4,511)	321,761	
Segment income (loss)	35,504	(1,765)	(512)	33,227	(6,651)	26,576	
Segment assets	175,012	47,818	29,199	252,029	114,935	366,964	
Others							
Depreciation	5,265	2,419	643	8,327	562	8,889	
Amortization of goodwill	115	24	—	139	—	139	
Investment to entities accounted for using equity method	—	—	2,391	2,391	—	2,391	
Increase in property, plant and equipment and intangible assets	5,728	2,481	236	8,445	590	9,035	

	Reportable segments					Thousands of U.S. Dollars	
	Consumer	System equipment	Others	Total	Adjustments*	Amounts on consolidated financial statements**	
<b>For 2014</b>							
Net sales:							
Outside customers	\$2,567,029	\$439,796	\$117,068	\$3,123,893	\$ —	\$3,123,893	
Intersegment	29	612	43,155	43,796	(43,796)	—	
Total	2,567,058	440,408	160,223	3,167,689	(43,796)	3,123,893	
Segment income (loss)	344,699	(17,136)	(4,971)	322,592	(64,573)	258,019	
Segment assets	1,699,146	464,252	283,485	2,446,883	1,115,874	3,562,757	
Others							
Depreciation	51,117	23,485	6,243	80,845	5,456	86,301	
Amortization of goodwill	1,117	233	—	1,350	—	1,350	
Investment to entities accounted for using equity method	—	—	23,214	23,214	—	23,214	
Increase in property, plant and equipment and intangible assets	55,612	24,087	2,291	81,990	5,728	87,718	



Millions of Yen

	Reportable segments					Adjustments*	Amounts on consolidated financial statements**
	Consumer	System equipment	Others	Total			
For 2013							
Net sales:							
Outside customers	¥227,861	¥41,778	¥28,124	¥297,763	¥ —	¥297,763	
Intersegment	1	93	3,010	3,104	(3,104)	—	
Total	227,862	41,871	31,134	300,867	(3,104)	297,763	
Segment income (loss)	26,554	(702)	(293)	25,559	(5,506)	20,053	
Segment assets	163,099	47,125	31,321	241,545	127,777	369,322	
Others							
Depreciation	5,020	2,328	811	8,159	213	8,372	
Amortization of goodwill	97	24	—	121	—	121	
Investment to entities accounted for using equity method	—	—	2,345	2,345	—	2,345	
Increase in property, plant and equipment and intangible assets	7,594	2,831	337	10,762	273	11,035	

\* Adjustments are as shown below:

- (1) Downward adjustments to segment income (loss) for the years ended March 31, 2014 and 2013 are ¥6,651 million (\$64,573 thousand) and ¥5,506 million, respectively. These amounts include corporate expenses that are not allocated to any reportable segments of ¥6,651 million (\$64,573 thousand) and ¥5,506 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.
- (2) Adjustments to segment assets for the years ended March 31, 2014 and 2013 are ¥ 114,935 million (\$1,115,874 thousand) and ¥127,777 million, respectively. These amounts include corporate assets that are not allocated to any reportable segments of ¥115,133 million (\$1,117,796 thousand) and ¥127,946 million, respectively.
- (3) Adjustments to depreciation for the years ended March 31, 2014 and 2013 are ¥562 million (\$5,456 thousand) and ¥213 million, respectively. These amounts consist of depreciation of assets related to administrative divisions that are not attributable to any reportable segments.
- (4) Adjustments to the increase in property, plant and equipment and intangible assets for the years ended March 31, 2014 and 2013 are ¥590 million (\$5,728 thousand) and ¥273 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**

Millions of Yen

For 2014	Japan	North America	Europe	Asia	Others	Total
Net sales	¥117,906	¥38,110	¥50,191	¥81,494	¥34,060	¥321,761

Thousands of U.S. Dollars

For 2014	Japan	North America	Europe	Asia	Others	Total
Net sales	\$1,144,718	\$370,000	\$487,291	\$791,204	\$330,680	\$3,123,893

Millions of Yen

For 2013	Japan	North America	Europe	Asia	Others	Total
Net sales	¥132,387	¥32,914	¥43,731	¥60,055	¥28,676	¥297,763

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

Millions of Yen

For 2014	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	¥54,730	¥966	¥435	¥7,725	¥89	¥63,945

Thousands of U.S. Dollars

For 2014	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	\$531,359	\$9,379	\$4,223	\$75,000	\$864	\$620,825

Millions of Yen

For 2013	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	¥56,216	¥891	¥410	¥6,798	¥66	¥64,381

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

Millions of Yen

For 2014	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Impairment loss	¥29	¥414	¥1	¥4	¥448

Thousands of U.S. Dollars

For 2014	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Impairment loss	\$282	\$4,019	\$10	\$39	\$4,350

Millions of Yen

For 2013	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Impairment loss	¥220	¥364	¥26	¥37	¥647

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

For 2014	Millions of Yen				
	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	¥—	¥12	¥—	¥—	¥12

For 2014	Thousands of U.S. Dollars				
	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	\$—	\$117	\$—	\$—	\$117

For 2013	Millions of Yen				
	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	¥103	¥36	¥—	¥—	¥139
Negative goodwill					
Amortization for the reporting year	57	—	1	—	58
Balance at the end of the reporting year	—	—	—	—	—

(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, 2014 and 2013, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥2,062 million (\$20,019 thousand) and ¥1,770 million, respectively.

**15. Impairment Loss**

For 2014:

The Group posts impairment loss.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, software, leased assets, etc.	Hachioji City, Tokyo, and others
Idle assets	Land and buildings	Minami Alps City, Yamanashi 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. 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 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 amounts ¥448 million (\$4,350 thousand) are recognized as "impairment loss."

The breakdown of the losses is: ¥104 million (\$1,010 thousand) for tools, furniture and fixtures, ¥33 million (\$321 thousand) for land, ¥102 million (\$990 thousand) for leased assets, ¥185 million (\$1,796 thousand) for software and ¥24 million (\$233 thousand) for others.

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

For 2013:

The Group posts impairment loss.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, etc.	Hachioji City, Tokyo, and others
Idle assets	Land	Yufu City, Oita 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. 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 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 amounts ¥647 million are recognized as "impairment loss."

The breakdown of the losses is: ¥239 million for tools, furniture and fixtures, ¥326 million for land, and ¥82 million for others.

Recoverable amounts are estimated using net selling prices which are reasonably estimated. Recoverable amounts for land are calculated based on property tax valuation or roadside land prices and those for assets other than land are based on estimated disposal values.

**16. Subsequent Events****Appropriation of retained earnings**

At the annual shareholders' meeting held on June 27, 2014, the Company's shareholders approved the payment of a cash dividend of ¥15.00 (\$0.15) per share aggregating ¥4,033 million (\$39,155 thousand) to registered shareholders as of March 31, 2014.

# 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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 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

June 27, 2014

Tokyo, Japan

## Principal Subsidiaries

(As of March 31, 2014)

### Overseas Subsidiaries

#### Europe

##### Casio Europe GmbH

F.R. Germany  
Sales of Casio products

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

U.K.  
Sales of Casio products

##### Casio France S.A.

France  
Sales of Casio products

##### Casio Benelux B.V.

The Netherlands  
Sales of Casio products

##### Casio Scandinavia AS

Norway  
Sales of Casio products

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

Spain  
Sales of Casio products

##### Limited Liability Company Casio

Russia  
Sales of Casio products

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

Italy  
Sales of Casio products

#### Asia

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

Hong Kong  
Production of electronic calculators

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

Taiwan  
Sales of Casio products

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

Singapore  
Sales of Casio products

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

India  
Sales of Casio products

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

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

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

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

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

The People's Republic of China  
Sales of electronic timepieces

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

Thailand  
Production of electronic timepieces

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

The People's Republic of China  
Sales of Casio products

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

Malaysia  
Sales of Casio products

#### Americas

##### Casio America, Inc.

U.S.A.  
Sales of Casio products

##### Casio Canada Ltd.

Canada  
Sales of Casio products

##### Casio Holdings, Inc.

U.S.A.  
Holding company

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

Brazil  
Sales of Casio products

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

Mexico  
Sales of Casio products

#### Middle East

##### Casio Middle East FZE

U.A.E.  
Sales of Casio products

#### Domestic Subsidiaries

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

Production of digital cameras, electronic timepieces and system equipment

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

Development and production of page printers

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

Customer service for Casio products

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

Sales of system equipment

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

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

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

Sales of software for system equipment

(41 consolidated subsidiaries and 3 equity-method affiliates)

## Directors and Statutory Auditors

(As of June 27, 2014)

\*Corporate officers

### President and CEO

Kazuo Kashio\*

### Senior Executive Managing Officers, Members of the Board

Fumitsune Murakami\*  
Akira Kashio\*  
Akinori Takagi\*  
Hiroshi Nakamura\*  
Yuichi Masuda\*  
Kazuhiro Kashio\*

### Executive Officers, Members of the Board

Toshiyuki Yamagishi\*  
Makoto Kobayashi\*

### Directors, Members of the Board

Hirokazu Ishikawa  
Makoto Kotani

### Statutory Auditors

Yasushi Terao  
Tadashi Takasu  
Hironori Daitoku

### Corporate Officers

Atsushi Yazawa  
Nobuyuki Mochinaga  
Koji Moriya  
Tetsuo Kashio  
Toshiharu Okimuro  
Takashi Kashio  
Jin Nakayama  
Shin Takano  
Masayuki Uehara  
Shigenori Itoh  
Nobuyuki Inada  
Toshiyuki Iguchi

## Corporate Data

(As of March 31, 2014)

**Established:** June 1957  
**Paid-in Capital:** ¥48,592 million  
**Employees:** 10,992  
**Home Page Address:** <http://world.casio.com/>

### Domestic Offices

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

**IR Department**  
 Tel: (03) 5334-4803

### R&D Centers

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

**Hachioji Research & Development Center**  
 2951-5, Ishikawa-cho,  
 Hachioji City, Tokyo 192-8556  
 Tel: (042) 639-5111

### Overseas Offices

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

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

## Investor Information

(As of March 31, 2014)

### Stock Exchange Listings

Tokyo

### Transfer Agent

Sumitomo Mitsui Trust Bank, Limited

### Number of Shares

Authorized: 471,693,000 shares  
 Issued: 279,020,914 shares

### Number of Shareholders

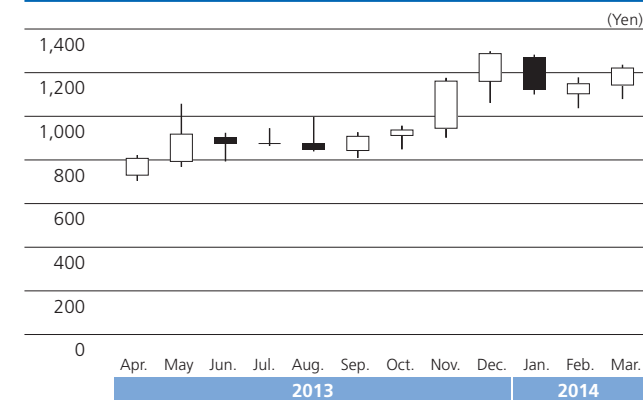
42,634

### Principal Shareholders

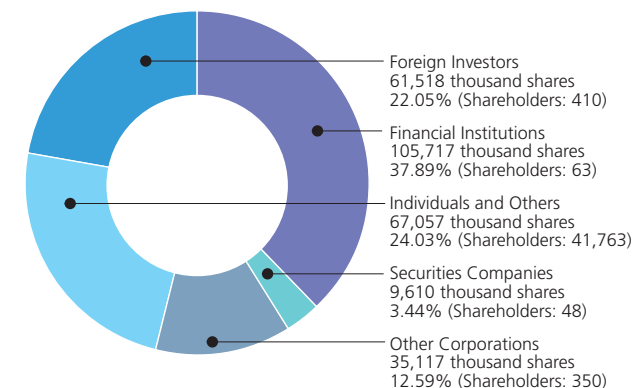
	Shareholdings (thousands)	% of outstanding shares*
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,238	6.78
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited ReTrust Portion/Sumitomo Mitsui Banking Corp. Pension Trust Account)	13,365	4.97
Nippon Life Insurance Company	13,327	4.96
Japan Trustee Services Bank, Ltd. (Trust Account)	11,374	4.23
Casio Bros. Corp.	10,000	3.72
Sumitomo Mitsui Banking Corp.	6,821	2.54
JUNIPER	5,235	1.95
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,097	1.52
BNP Paribas Securities (Japan) Limited	3,535	1.32
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,528	1.31

\* Outstanding shares are calculated after deduction of treasury shares (10,182,415).

### Share Price



### Breakdown of Shareholders





# CASIO COMPUTER CO., LTD.

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

<http://world.casio.com/>