

# Consolidated Financial Results for the First Quarter Ended June 30, 2010 (Japan GAAP)

English Translation of "Kessan tanshin"

(Summary for reference)

July 28, 2010

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

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

Stock Exchange Listings: Tokyo

Code Number: 6952

President and CEO: Kazuo Kashio

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Filing of Securities Report (*Shihanki hokokusho*)(Scheduled): August 13, 2010

Start of Distribution of Dividends (Scheduled): -

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

## 1. Consolidated Financial Results for the Three Months (From April 1, 2010 to June 30, 2010)

Monetary amounts are rounded to the nearest million yen.

(Millions of yen)

### (1) Operating Results

(Percentages indicate changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Three months ended June 30, 2010	89,421	9.7	2,471	-	1,517	-	981	-
Three months ended June 30, 2009	81,526	(29.7)	(7,438)	-	(5,819)	-	(2,382)	-

	Net income per share (Yen)	Diluted net income per share (Yen)
Three months ended June 30, 2010	3.54	3.24
Three months ended June 30, 2009	(8.59)	-

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
As of June 30, 2010	373,454	153,536	41.1 %	553.14
As of March 31, 2010	429,983	168,857	37.3	577.38

(Reference) Equity: As of June 30, 2010: 153,459 million yen

As of March 31, 2010: 160,184 million yen

## 2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2010	-	-	-	15.00	15.00
Year ending March 31, 2011	-	-	-	-	-
Year ending March 31, 2011 (Forecast)	-	-	-	15.00	15.00

(Note) Revision of dividends forecast made during the three months ended June 30, 2010: No

### 3. Consolidated Results Forecast for Fiscal 2011 (From April 1, 2010 to March 31, 2011)

(Millions of yen)

(Percentages indicate changes from the previous fiscal year for the full year and from the previous interim period for the interim period.)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
	%	%	%	%	
First Half	180,000 (8.8)	5,000 -	4,000 -	2,000 -	7.21
Fiscal 2011	375,000 (12.4)	15,000 -	13,000 -	7,000 -	25.23

(Note) Revision of consolidated results forecast made during the three months ended June 30, 2010: No

### 4. Others

(1) Changes in significant subsidiaries (Changes in scope of consolidation): Yes

Newly included: -

Excluded: 1 (Casio Hitachi Mobile Communications Co., Ltd.)

(2) Application of the simplified accounting methods and/or the special accounting methods for quarterly consolidated financial statements: Yes

1. Method of valuation of inventories
2. Method of calculation of noncurrent assets depreciation
3. Method of calculation of income taxes, etc. as well as deferred tax assets and deferred tax liabilities

(3) Changes in accounting policies, procedures, presentation method, etc. for quarterly consolidated financial statements

(a) Changes in accordance with revisions to accounting standards: Yes

1. Application of "Accounting Standard for Equity Method of Accounting for Investments" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"
2. Application of "Accounting Standard for Asset Retirement Obligations" and its related guidance
3. Application of "Accounting Standard for Business Combinations" and others

(b) Changes other than (a) above: No

(4) Number of shares outstanding (common stock)

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

As of June 30, 2010: 279,020,914 shares

As of March 31, 2010: 279,020,914 shares

(b) Number of treasury stock:

As of June 30, 2010: 1,590,587 shares

As of March 31, 2010: 1,589,837 shares

(c) Average number of shares outstanding (cumulative for all quarters):

Three month ended June 30, 2010: 277,430,728 shares

Three month ended June 30, 2009: 277,401,060 shares

### Statement on the Implementation Status of Quarterly Review Procedures

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

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

(Caution Concerning Forward-looking Statements)

The forward-looking statements, including business results forecasts, contained in these materials are based on information currently available to the company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. Please refer to Qualitative Information about Consolidated Financial Results for the First Quarter of the Current Fiscal Year, Qualitative Information about Consolidated Results Forecasts, on page 4 for the conditions that form the assumptions for business results and cautions concerning the use of business results forecasts.

## **Qualitative Information about Consolidated Financial Results for the First Quarter of the Current Fiscal Year**

### **Qualitative Information about Consolidated Operating Results**

During the first quarter of the current fiscal year, the Japanese and global economies maintained a moderate recovery. However, concerns about the outlook for the global economy, stemming from the financial problems in some countries in Europe, kept the environment uncertain.

In this environment, consolidated net sales for the first quarter rose 9.7% year-on-year to ¥89.4 billion. By segment, sales stood at ¥70.8 billion in the Consumer segment. Sales in the digital camera business were in line with projections due to efforts to strengthen sales in Europe and China. The timepieces business saw substantial sales growth overseas, primarily in North America and Asia, thanks to strong sales of the G-SHOCK and EDIFICE brands. Moreover, the electronic dictionary business enjoyed strong sales of the EX-word series, which has a color screen, securing the overwhelming top share of sales in Japan and also expanding sales in China. Sales in the System Equipment segment stood at ¥9.5 billion. Furthermore, the Others segment recorded sales of ¥9.0 billion as the TFT LCD business was integrated with another company on April 1, 2010 as planned.

In income for the first quarter, the Consumer segment posted ¥4.4 billion in operating income, with timepieces and electronic dictionaries remaining highly profitable. The System Equipment segment recorded a ¥1.2 billion operating loss while the Others segment registered ¥67 million in operating income. As a result, Casio posted ¥2.4 billion in consolidated operating income, allowing for adjustment. Casio recorded ¥1.5 billion in ordinary income and ¥0.9 billion in net income for the quarter.

### **Qualitative Information about Consolidated Financial Position**

Total assets on a consolidated basis at the end of the first quarter of the current fiscal year stood at ¥373.4 billion, down ¥56.5 billion compared to the end of the previous fiscal year, owing to a decline in notes and accounts receivable-trade. Net assets fell ¥15.3 billion compared to the end of the previous fiscal year to ¥153.5 billion, due to lower minority interests. As a result, the equity ratio was 41.1%.

Net cash provided by operating activities was ¥2.5 billion, net cash used in investing activities was ¥6.9 billion, and net cash provided by financing activities was ¥8.2 billion. As a result, consolidated cash and cash equivalents at the end of the first quarter of the current fiscal year stood at ¥106.0 billion, a decrease of ¥7.7 billion compared to the end of the previous fiscal year, which is partly attributable to the exclusion of a subsidiary from consolidation because of the business integration.

Moving forward, Casio remains determined to pursue effective management of its business assets, aiming to build a completely strong, stable financial structure.

### **Qualitative Information about Consolidated Results Forecasts**

There are currently no changes to the previous consolidated results forecasts for the fiscal year ending March 2011, which were published on May 12, 2010.

Looking to the future, Casio will strive to boost its earning capacity and its management and financial structure based on a long-term perspective through a proactive global rollout of new products that draw on the company's globally unique technologies.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥90 and Euro 1 = ¥110
- 2) The forward-looking statements including business results forecasts are based on information currently available to the company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. Key factors affecting actual business results may include, but are not limited to, the economic circumstances surrounding the company's business, fluctuations in the exchange rates of major currencies including the yen-dollar rate, and significant changes in product prices.

## Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	52,520	52,756
Notes and accounts receivable-trade	48,889	75,565
Short-term investment securities	45,736	53,428
Finished goods	28,457	32,794
Work in process	4,742	5,700
Raw materials and supplies	8,271	12,128
Other	41,245	43,706
Allowance for doubtful accounts	(601)	(627)
<b>Total current assets</b>	<b>229,259</b>	<b>275,450</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Land	38,682	38,702
Other, net	30,062	32,955
<b>Total property, plant and equipment</b>	<b>68,744</b>	<b>71,657</b>
<b>Intangible assets</b>	<b>6,803</b>	<b>13,348</b>
<b>Investments and other assets</b>		
Investment securities	53,001	53,155
Other	15,702	16,434
Allowance for doubtful accounts	(55)	(61)
<b>Total investments and other assets</b>	<b>68,648</b>	<b>69,528</b>
<b>Total noncurrent assets</b>	<b>144,195</b>	<b>154,533</b>
<b>Total assets</b>	<b>373,454</b>	<b>429,983</b>

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	42,001	66,219
Short-term loans payable	14,073	15,846
Current portion of long-term loans payable	450	450
Income taxes payable	2,175	3,481
Provision for product warranties	1,016	1,946
Provision for business structure improvement	-	3,100
Other	38,910	62,073
<b>Total current liabilities</b>	<b>98,625</b>	<b>153,115</b>
<b>Noncurrent liabilities</b>		
Bonds payable	25,000	10,000
Bonds with subscription rights to shares	50,000	50,000
Long-term loans payable	28,000	28,000
Provision for retirement benefits	10,277	10,012
Provision for directors' retirement benefits	2,684	2,666
Other	5,332	7,333
<b>Total noncurrent liabilities</b>	<b>121,293</b>	<b>108,011</b>
<b>Total liabilities</b>	<b>219,918</b>	<b>261,126</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	48,592	48,592
Capital surplus	65,704	65,704
Retained earnings	52,532	55,712
Treasury stock	(3,519)	(3,519)
<b>Total shareholders' equity</b>	<b>163,309</b>	<b>166,489</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	953	3,131
Deferred gains or losses on hedges	(311)	(287)
Foreign currency translation adjustment	(10,492)	(9,149)
<b>Total valuation and translation adjustments</b>	<b>(9,850)</b>	<b>(6,305)</b>
<b>Minority interests</b>	<b>77</b>	<b>8,673</b>
<b>Total net assets</b>	<b>153,536</b>	<b>168,857</b>
<b>Total liabilities and net assets</b>	<b>373,454</b>	<b>429,983</b>

## Consolidated Statements of Operations

(Millions of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
<b>Net sales</b>	81,526	89,421
Cost of sales	62,256	61,796
<b>Gross profit</b>	19,270	27,625
Selling, general and administrative expenses		
Salaries, allowances and bonuses	8,033	7,797
Other	18,675	17,357
<b>Total selling, general and administrative expenses</b>	26,708	25,154
<b>Operating income (loss)</b>	(7,438)	2,471
Non-operating income		
Interest income	294	261
Foreign exchange gains	688	-
Gain on valuation of interest-rate swaps	473	93
Other	660	284
<b>Total non-operating income</b>	2,115	638
Non-operating expenses		
Interest expenses	224	213
Foreign exchange losses	-	1,107
Other	272	272
<b>Total non-operating expenses</b>	496	1,592
<b>Ordinary income (loss)</b>	(5,819)	1,517
Extraordinary income		
Gain on sales of noncurrent assets	0	6
Gain on sales of investment securities	939	0
<b>Total extraordinary income</b>	939	6
Extraordinary loss		
Loss on retirement of noncurrent assets	5	21
Loss on valuation of investment securities	1,000	20
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	152
Other	7	17
<b>Total extraordinary losses</b>	1,012	210
<b>Income (loss) before income taxes and minority interests</b>	(5,892)	1,313
<b>Income taxes</b>	(2,055)	792
<b>Income (loss) before minority interests</b>	(3,837)	521
<b>Minority interests in loss</b>	(1,455)	(460)
<b>Net income (loss)</b>	(2,382)	981

## Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
<b>Net cash provided by (used in) operating activities</b>		
Income (loss) before income taxes and minority interests	(5,892)	1,313
Depreciation and amortization	6,069	4,498
Loss (gain) on sales and retirement of noncurrent assets	5	15
Loss (gain) on sales of investment securities	(939)	(0)
Loss (gain) on valuation of investment securities	1,000	20
Increase (decrease) in provision for retirement benefits	747	304
Increase (decrease) in provision for directors' retirement benefits	33	18
Interest and dividends income	(296)	(283)
Interest expenses	224	213
Foreign exchange losses (gains)	(189)	591
Decrease (increase) in notes and accounts receivable-trade	30,136	11,634
Decrease (increase) in inventories	(2,463)	(5,338)
Increase (decrease) in notes and accounts payable-trade	(29,675)	(369)
Other, net	(1,181)	(8,173)
Subtotal	(2,421)	4,443
Interest and dividends income received	561	416
Interest expenses paid	(259)	(127)
Income taxes paid	(917)	(2,192)
Net cash provided by (used in) operating activities	(3,036)	2,540
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(102)	(1,020)
Proceeds from withdrawal of time deposits	960	313
Purchase of property, plant and equipment	(1,929)	(1,599)
Proceeds from sales of property, plant and equipment	1	14
Purchase of intangible assets	(4,972)	(1,758)
Purchase of investment securities	(3,023)	(165)
Proceeds from sales and redemption of investment securities	7,013	99
Purchase of stocks of subsidiaries and affiliates	-	(1,866)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	(871)
Other, net	(575)	(137)
Net cash provided by (used in) investing activities	(2,627)	(6,990)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	5,061	(1,774)
Repayment of long-term loans payable	(10,000)	-
Proceeds from issuance of bonds	-	14,924
Repayments of finance lease obligations	(788)	(775)
Cash dividends paid	(6,380)	(4,161)
Other, net	21	(1)
Net cash provided by (used in) financing activities	(12,086)	8,213
<b>Effect of exchange rate change on cash and cash equivalents</b>	305	(1,842)
<b>Net increase (decrease) in cash and cash equivalents</b>	(17,444)	1,921
<b>Cash and cash equivalents at beginning of period</b>	104,248	113,784
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	-	(9,700)
<b>Cash and cash equivalents at end of period</b>	86,804	106,005

## Notes on Premise of Going Concern

Not applicable.

## Segment Information

### Business Segment Information

Three months ended June 30, 2009

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amounts	Consolidated
Net sales					
(1) Outside customers	70,739	10,787	81,526	-	81,526
(2) Inside group	96	4,051	4,147	(4,147)	-
Total	70,835	14,838	85,673	(4,147)	81,526
Operating loss	(5,365)	(818)	(6,183)	(1,255)	(7,438)

## Segment Information

### 1. Overview of Reportable Segments

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

The company has designated three areas of segment reporting, which are the "Consumer", "System equipment", and "Others" segments, based on the type of products and services, and the market and consumer categories.

The categories of the main products and services belonging to each reportable segment are as follows.

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

System equipment.....Handy terminals, Electronic cash registers (including POS), Office computers, Page printers, Data projectors, etc.

Others .....BUMP processing consignments, LCDs, Molds, etc.

### 2. Information on Sales and Income or Loss for Each Reportable Segment

Three months ended June 30, 2010

(Millions of yen)

	Reportable segments				Adjustment *1	Consolidated statement of operations *2
	Consumer	System equipment	Others	Total		
Net sales						
(1) Outside customers	70,806	9,599	9,016	89,421	-	89,421
(2) Inside group	6	243	1,716	1,965	(1,965)	-
Total	70,812	9,842	10,732	91,386	(1,965)	89,421
Segment income (loss)	4,480	(1,210)	67	3,337	(866)	2,471

Notes: 1. The (866) million yen adjustment to segment income or loss includes (866) million yen in corporate expenses that are not allocated to any reportable segment. Corporate expenses principally consist of administrative expenses and R&D expenses for fundamental research of the parent company, which are not subject to any reportable segments.

2. Segment income or loss is reconciled with operating income on the quarterly consolidated statement of operations.

(Supplementary Information)

From the first quarter of the current consolidated fiscal year, the company has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, published March 27, 2009) and its related guidance.

## Notes on Significant Changes in Shareholders' Equity

Not applicable.