

Consolidated Financial Results for the First Quarter Ended June 30, 2014 (Japan GAAP)

English Translation of *Kessan Tanshin*

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

(Summary for reference)

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

July 30, 2014

Stock Exchange Listings: Tokyo

Code Number: 6952

President and CEO: Kazuo Kashio

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Filing of Securities Report (*Shihanki Hokokusho*) (scheduled): August 8, 2014

Start of distribution of dividends (scheduled): -

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on July 30, 2014 at 15:00 (GMT+9).

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

1. Consolidated Financial Results for the Three Months (From April 1, 2014 to June 30, 2014)

(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, 2014	72,211	4.5	7,021	74.8	6,621	77.3	4,601	115.3
Three months ended June 30, 2013	69,127	(0.0)	4,017	9.8	3,735	33.1	2,137	30.8

(Note) Comprehensive income: Three months ended June 30, 2014: 4,328 million yen (20.2)%
Three months ended June 30, 2013: 5,426 million yen - %

	Net income per share (Yen)	Diluted net income per share (Yen)
Three months ended June 30, 2014	17.11	17.11
Three months ended June 30, 2013	7.95	7.95

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of June 30, 2014	352,700	185,550	52.6%
As of March 31, 2014	366,964	185,256	50.5%

(Reference) Equity: As of June 30, 2014: 185,429 million yen
As of March 31, 2014: 185,140 million yen

2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2014	-	10.00	-	15.00	25.00
Year ending March 31, 2015	-				
Year ending March 31, 2015 (Forecast)		12.50	-	12.50	25.00

(Note) Revision of most recent dividends forecast: No

3. Consolidated Results Forecasts for Fiscal 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	Yen
First Half (Cumulative)	160,000	5.5	15,500	46.4	14,500	47.6	10,000	76.4	37.20
Fiscal 2015	350,000	8.8	35,000	31.7	33,000	28.2	23,000	43.8	85.55

(Note) Revision of most recent consolidated results forecasts: Yes

Notes

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

Newly included: -

Excluded: -

(2) Application of the special accounting methods to the preparation of quarterly consolidated financial statements: No

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

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

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

(c) Changes in accounting estimates: No

(d) Retrospective restatements: No

(4) Number of shares outstanding (common shares)

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

As of June 30, 2014: 279,020,914 shares

As of March 31, 2014: 279,020,914 shares

(b) Number of treasury shares:

As of June 30, 2014: 10,182,725 shares

As of March 31, 2014: 10,181,415 shares

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

Three months ended June 30, 2014: 268,838,826 shares

Three months ended June 30, 2013: 268,848,873 shares

Statement on the Implementation Status of Quarterly Review Procedures

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

Proper Use of Business Results Forecasts and Other Notes

- The forward-looking statements contained in these materials, including business results forecasts, are based on information currently available to the company and on certain assumptions deemed to be reasonable, and are not intended to be construed as assurance that they will be accomplished in the future. Actual business results may differ substantially due to a number of factors. Please refer to Discussion of Forward-looking Statements, including 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. The consolidated business results forecast announced on May 7, 2014 has been revised for these materials.
- The supplementary explanatory materials for the financial results are published on the company's official website on July 30, 2014.

ATTACHED MATERIALS

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1. Qualitative Information for the First Quarter of the Current Fiscal Year

(1) Discussion of Operating Results

During the first quarter of the current fiscal year, despite concerns of a slowdown in economic expansion in emerging countries, domestic demand remained firm in Japan, even after the increase in the consumption tax rate, and the economy maintained a moderate recovery.

In this situation, consolidated net sales for the first quarter of the fiscal year rose 4.5% year-on-year to ¥72.2 billion. By segment, sales stood at ¥61.3 billion in the Consumer segment, ¥8.1 billion in the System Equipment segment and ¥2.6 billion in the Others segment.

In the timepiece business, brands such as G-SHOCK and BABY-G continued to perform well, primarily in overseas markets such as China and other Asian countries, and timepiece sales increased substantially. In the calculator business, sales of scientific calculators remained strong, especially overseas, and sales increased.

In income for the first quarter of the fiscal year, the Consumer segment posted ¥9.7 billion in operating income. The profitability of the timepiece business improved further, and the calculator business saw improved profitability, driven by the expansion of high-value-added scientific calculators, while the digital camera business secured profitability through specialization in unique, high-end products. The System Equipment business recorded a ¥1.8 billion operating loss, and the Others segment posted an operating loss of ¥70 million. As a result, Casio posted ¥7.0 billion in consolidated operating income, allowing for adjustment. Casio recorded ¥6.6 billion in ordinary income and ¥4.6 billion in net income for the quarter.

(2) Discussion of Financial Position

Total assets on a consolidated basis at the end of the first quarter of the fiscal year stood at ¥352.7 billion, a decrease of ¥14.2 billion compared to the end of the previous fiscal year due to such factors as a decrease in securities. Net assets rose ¥0.2 billion compared to the end of the previous fiscal year to ¥185.5 billion. As a result, the equity ratio improved 2.1 points compared to the end of the previous fiscal year to 52.6%.

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

(3) Discussion of Forward-looking Statements, including Consolidated Results Forecasts

The consolidated results forecasts for the first half of the fiscal year ending March 31, 2015 published on May 7, 2014 have been revised as shown below. The full-year consolidated results forecasts are unchanged from the previous forecasts published on May 7, 2014.

Consolidated Results Forecasts for the First Half of the Fiscal Year (Billions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previous forecast (A) (Released on May 7, 2014)	160.0	14.0	13.0	9.0
Current revised forecast (B)	160.0	15.5	14.5	10.0
Amount of change (B-A)	—	1.5	1.5	1.0

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 = ¥95 and Euro 1 = ¥130
- 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.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	90,759	89,991
Notes and accounts receivable-trade	50,633	39,237
Securities	26,001	12,703
Finished goods	35,469	38,954
Work in process	5,314	4,882
Raw materials and supplies	7,320	7,040
Other	29,164	38,266
Allowance for doubtful accounts	(525)	(504)
Total current assets	244,135	230,569
Non-current assets		
Property, plant and equipment		
Land	36,924	36,916
Other, net	27,021	26,474
Total property, plant and equipment	63,945	63,390
Intangible assets	6,075	6,142
Investments and other assets		
Investment securities	30,301	31,716
Net defined benefit asset	9,621	9,861
Other	12,964	11,098
Allowance for doubtful accounts	(77)	(76)
Total investments and other assets	52,809	52,599
Total non-current assets	122,829	122,131
Total assets	366,964	352,700

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	39,407	29,197
Short-term loans payable	4,768	4,743
Current portion of long-term loans payable	28,749	28,614
Current portion of bonds	7,366	22,192
Current portion of bonds with subscription rights to shares	250	250
Income taxes payable	2,755	1,829
Provision for product warranties	771	771
Other	38,044	38,171
Total current liabilities	122,110	125,767
Non-current liabilities		
Bonds payable	15,000	-
Long-term loans payable	30,000	30,000
Net defined benefit liability	860	811
Other	13,738	10,572
Total non-current liabilities	59,598	41,383
Total liabilities	181,708	167,150
Net assets		
Shareholders' equity		
Capital stock	48,592	48,592
Capital surplus	65,703	65,703
Retained earnings	70,447	71,015
Treasury shares	(8,603)	(8,604)
Total shareholders' equity	176,139	176,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,335	7,234
Deferred gains or losses on hedges	(49)	(25)
Foreign currency translation adjustment	(2,577)	(3,724)
Remeasurements of defined benefit plans	5,292	5,238
Total accumulated other comprehensive income	9,001	8,723
Minority interests	116	121
Total net assets	185,256	185,550
Total liabilities and net assets	366,964	352,700

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

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	69,127	72,211
Cost of sales	40,658	39,699
Gross profit	28,469	32,512
Selling, general and administrative expenses		
Salaries, allowances and bonuses	8,220	8,586
Other	16,232	16,905
Total selling, general and administrative expenses	24,452	25,491
Operating income	4,017	7,021
Non-operating income		
Interest income	138	137
Other	133	133
Total non-operating income	271	270
Non-operating expenses		
Interest expenses	301	228
Foreign exchange losses	161	202
Other	91	240
Total non-operating expenses	553	670
Ordinary income	3,735	6,621
Extraordinary income		
Gain on sales of non-current assets	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on retirement of non-current assets	8	12
Directors' retirement benefits	2,122	-
Total extraordinary losses	2,130	12
Income before income taxes and minority interests	1,606	6,609
Income taxes	(536)	2,003
Income before minority interests	2,142	4,606
Minority interests in income	5	5
Net income	2,137	4,601

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Income before minority interests	2,142	4,606
Other comprehensive income		
Valuation difference on available-for-sale securities	1,397	899
Deferred gains or losses on hedges	24	24
Foreign currency translation adjustment	1,863	(1,147)
Remeasurements of defined benefit plans, net of tax	-	(54)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	3,284	(278)
Comprehensive income	5,426	4,328
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,421	4,323
Comprehensive income attributable to minority interests	5	5

(3) Notes to Consolidated Financial Statements

Notes on Premise of Going Concern

Not applicable.

Notes on Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I Three months ended June 30, 2013

Information on Net Sales and Income or Loss for Each Reportable Segment

(Millions of yen)

	Reportable segments				Adjustments (Note 1)	Amounts on consolidated statement of income (Note 2)
	Consumer	System equipment	Others	Total		
Net sales						
(1) Outside customers	56,812	8,613	3,702	69,127	-	69,127
(2) Intersegment	1	6	837	844	(844)	-
Total	56,813	8,619	4,539	69,971	(844)	69,127
Segment income (loss)	6,705	(844)	(364)	5,497	(1,480)	4,017

Notes: 1. The 1,480 million yen downward adjustment to segment income (loss) includes corporate expenses of 1,480 million yen that are not allocated to any reportable segments. Corporate expenses principally consist of administrative expenses of the parent company and R&D expenses for fundamental research, which are not attributable to any reportable segments.

2. Segment income (loss) is reconciled with operating income in the consolidated statement of income.

II Three months ended June 30, 2014

Information on Net Sales and Income or Loss for Each Reportable Segment

(Millions of yen)

	Reportable segments				Adjustments (Note 1)	Amounts on consolidated statement of income (Note 2)
	Consumer	System equipment	Others	Total		
Net sales						
(1) Outside customers	61,394	8,144	2,673	72,211	-	72,211
(2) Intersegment	1	4	1,298	1,303	(1,303)	-
Total	61,395	8,148	3,971	73,514	(1,303)	72,211
Segment income (loss)	9,798	(1,835)	(73)	7,890	(869)	7,021

Notes: 1. The 869 million yen downward adjustment to segment income (loss) includes corporate expenses of 869 million yen that are not allocated to any reportable segments. Corporate expenses principally consist of administrative expenses of the parent company and R&D expenses for fundamental research, which are not attributable to any reportable segments.

2. Segment income (loss) is reconciled with operating income in the consolidated statement of income.

Significant Subsequent Events

1. Issue of Euro-yen Convertible Bond-type Bonds with Subscription Rights to Shares due in 2019 by Private Placement

At the meeting of the board of directors held on July 7, 2014, CASIO COMPUTER CO., LTD. (“the Company”) resolved to issue euro-yen convertible bond-type bonds with subscription rights to shares due in 2019 by private placement and issued as set forth below.

- (a) Issue price: 100.5% of the bonds’ face value (face value: ¥10 million each)
- (b) Total amount of issue:
¥10,000 million and the bonds’ aggregate face value concerning replacement bonds with subscription rights to shares
- (c) Bond interest rate: Non-interest bearing
- (d) Redemption method: Redemption at 100% of the bonds’ face value
- (e) Maturity: July 23, 2019
- (f) Conversion price: ¥2,061
- (g) Conversion period: From August 6, 2014 to close of business on July 9, 2019
- (h) Amount to be included in capital:
The amount by which capital stock is to be increased in the event of the issuance of shares as a result of the exercise of the subscription rights will be one half of the maximum amount by which capital can be increased as calculated in accordance with Article 17 of the Company Accounting Ordinance, with any fraction less than one yen that arises as a result of such calculations being rounded up to the nearest whole yen.
- (i) Date of issue: July 23, 2014
- (j) Collateral: Not applicable
- (k) Use of proceeds:
The net proceeds of approximately ¥10,000 million will be applied to the acquisition of treasury shares. In the event that treasury shares are acquired prior to the payment date for the bonds with subscription rights to shares, the Company will allocate the proceeds to cash reserves which were reduced for the acquisition.

2. Acquisition of Treasury Shares

At the meeting of the board of directors held on July 7, 2014, the Company resolved to acquire treasury shares in accordance with the provisions of Article 156 of the Companies Act, as applied pursuant to the provisions in paragraph 3 of Article 165 of the Act.

- (1) Rationale for the acquisition of treasury shares
The acquisition of treasury shares is being conducted to improve indicators of capital efficiency such as ROE and indicators of shareholder returns such as EPS, thereby maximizing corporate and shareholder value.
- (2) Details of the acquisitions
 - (a) Class of shares to be acquired: Common shares of the Company
 - (b) Total number of shares to be acquired: Maximum 8,500,000 shares
 - (c) Total acquisition price of shares: Maximum ¥12,500 million
 - (d) Period of acquisition: From July 8, 2014 to August 31, 2014
- (3) Method of Acquisition: Purchase on the Tokyo Stock Exchange

3. Retirement of Treasury Shares

At the meeting of the board of directors held on July 7, 2014, the Company resolved to retire treasury shares in accordance with the provisions of Article 178 of the Companies Act.

- (1) Class of shares to be retired: Common shares of the Company
- (2) Number of shares to be retired: 10,000,000 shares
- (3) Scheduled date of retirement: July 31, 2014