

# Consolidated Financial Results for the Six Months Ended September 30, 2014 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

October 30, 2014

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): November 14, 2014

Start of distribution of dividends (scheduled): December 2, 2014

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

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

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

## 1. Consolidated Financial Results for the Six Months (From April 1, 2014 to September 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	
		%		%		%		%
Six months ended September 30, 2014	159,995	5.5	15,815	49.4	16,391	66.9	10,371	83.0
Six months ended September 30, 2013	151,679	5.0	10,584	31.2	9,822	34.2	5,668	30.1

(Note) Comprehensive income: Six months ended September 30, 2014: 12,648 million yen 21.4 %

Six months ended September 30, 2013: 10,419 million yen 368.1 %

	Net income per share (Yen)	Diluted net income per share (Yen)
Six months ended September 30, 2014	38.99	38.70
Six months ended September 30, 2013	21.08	21.07

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of September 30, 2014	363,128	181,364	49.9 %
As of March 31, 2014	366,964	185,256	50.5 %

(Reference) Equity: As of September 30, 2014: 181,236 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	-	12.50	-	-	-
Year ending March 31, 2015 (Forecast)	-	-	-	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 from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	Yen
Fiscal 2015	350,000	8.8	35,000	31.7	33,000	28.2	23,000	43.8	88.05

(Note) Revision of most recent consolidated results forecasts: No

#### 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 September 30, 2014: 269,020,914 shares

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

(b) Number of treasury shares:

As of September 30, 2014: 7,795,447 shares

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

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

Six months ended September 30, 2014: 265,962,766 shares

Six months ended September 30, 2013: 268,847,817 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 supplementary explanatory materials for the financial results are published on the company's official website on October 30, 2014.

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## **1. Qualitative Information for the First Half of the Current Fiscal Year**

### **(1) Discussion of Operating Results**

During the first half of the current fiscal year, although the economy experienced a trend of moderate recovery both in Japan and overseas, uncertainty over the future outlook remained, due in part to the sense of stagnation in personal consumption and concerns of an economic slowdown in emerging countries.

In this situation, consolidated net sales for the first half of the fiscal year rose 5.5% year-on-year to ¥159.9 billion. By segment, sales stood at ¥134.8 billion in the Consumer segment, ¥19.8 billion in the System Equipment segment and ¥5.2 billion in the Others segment.

In the timepiece business, brands such as G-SHOCK and BABY-G performed well in Japan and in overseas markets such as China and other Asian countries, and timepiece sales increased substantially. In particular, sales of the new G-SHOCK model, the world's first GPS hybrid radio-controlled solar-powered watch, have expanded steadily since it was launched. In addition, sales of SHEEN, a metal analog watch for women, expanded in overseas markets, primarily China. Electronic dictionaries and calculators also continued to perform strongly, and sales increased.

In income for the first half of the fiscal year, the Consumer segment posted ¥22.6 billion in operating income. Income in the segment improved with the increase of high-end models, mainly G-SHOCK, in the product mix of the timepiece business, the growth in sales of electronic dictionaries and calculators, and the expanded lineup of high-end digital cameras, especially the unique EX-TR series. The System Equipment business recorded a ¥4.8 billion operating loss, primarily due to delays in the progress of new business and deterioration in earnings in the projector business. The Others segment posted an operating loss of ¥100 million. As a result, Casio posted ¥15.8 billion in consolidated operating income, allowing for adjustment. Casio recorded ¥16.3 billion in ordinary income and ¥10.3 billion in net income for the first half of the fiscal year, representing year-on-year growth.

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

Total assets on a consolidated basis at the end of the first half of the fiscal year stood at ¥363.1 billion, a decrease of ¥3.8 billion compared to the end of the previous fiscal year, due to such factors as a decrease in cash and deposits. Net assets fell ¥3.8 billion compared to the end of the previous fiscal year to ¥181.3 billion. As a result, the equity ratio was 49.9%.

Net cash provided by operating activities was ¥8.6 billion, net cash used in investing activities was ¥8.2 billion, and net cash used in financing activities was ¥6.9 billion. As a result, consolidated cash and cash equivalents at the end of the first half of the current fiscal year was ¥108.7 billion, a decrease of ¥5.4 billion compared to the end of the previous fiscal year.

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**

There are currently no changes to the previous consolidated results forecasts for the fiscal year ending March 2015, which were published on May 7, 2014.

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 = ¥100 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 September 30, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	90,759	69,354
Notes and accounts receivable-trade	50,633	45,412
Securities	26,001	32,611
Finished goods	35,469	37,731
Work in process	5,314	5,492
Raw materials and supplies	7,320	7,263
Other	29,164	38,759
Allowance for doubtful accounts	(525)	(534)
<b>Total current assets</b>	244,135	236,088
<b>Non-current assets</b>		
Property, plant and equipment		
Land	36,924	36,924
Other, net	27,021	25,790
Total property, plant and equipment	63,945	62,714
Intangible assets	6,075	6,085
Investments and other assets		
Investment securities	30,301	37,811
Net defined benefit asset	9,621	10,064
Other	12,964	10,444
Allowance for doubtful accounts	(77)	(78)
Total investments and other assets	52,809	58,241
<b>Total non-current assets</b>	122,829	127,040
<b>Total assets</b>	366,964	363,128

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	39,407	27,812
Short-term loans payable	4,768	5,130
Current portion of long-term loans payable	28,749	28,637
Current portion of bonds	7,366	22,221
Current portion of bonds with subscription rights to shares	250	250
Income taxes payable	2,755	2,455
Provision for product warranties	771	778
Other	38,044	43,139
<b>Total current liabilities</b>	<b>122,110</b>	<b>130,422</b>
<b>Non-current liabilities</b>		
Bonds payable	15,000	-
Bonds with subscription rights to shares	-	10,048
Long-term loans payable	30,000	30,000
Net defined benefit liability	860	826
Other	13,738	10,468
<b>Total non-current liabilities</b>	<b>59,598</b>	<b>51,342</b>
<b>Total liabilities</b>	<b>181,708</b>	<b>181,764</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	48,592	48,592
Capital surplus	65,703	65,058
Retained earnings	70,447	66,460
Treasury shares	(8,603)	(10,140)
<b>Total shareholders' equity</b>	<b>176,139</b>	<b>169,970</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,335	7,928
Deferred gains or losses on hedges	(49)	-
Foreign currency translation adjustment	(2,577)	(1,838)
Remeasurements of defined benefit plans	5,292	5,176
<b>Total accumulated other comprehensive income</b>	<b>9,001</b>	<b>11,266</b>
<b>Minority interests</b>	<b>116</b>	<b>128</b>
<b>Total net assets</b>	<b>185,256</b>	<b>181,364</b>
<b>Total liabilities and net assets</b>	<b>366,964</b>	<b>363,128</b>

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

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
<b>Net sales</b>	151,679	159,995
Cost of sales	88,787	89,110
<b>Gross profit</b>	62,892	70,885
Selling, general and administrative expenses		
Salaries, allowances and bonuses	16,460	17,006
Other	35,848	38,064
Total selling, general and administrative expenses	52,308	55,070
<b>Operating income</b>	10,584	15,815
Non-operating income		
Foreign exchange gains	-	783
Other	793	687
Total non-operating income	793	1,470
Non-operating expenses		
Interest expenses	605	457
Foreign exchange losses	683	-
Other	267	437
Total non-operating expenses	1,555	894
<b>Ordinary income</b>	9,822	16,391
Extraordinary income		
Gain on sales of non-current assets	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on retirement of non-current assets	147	238
Impairment loss	-	1,274
Directors' retirement benefits	2,127	-
Total extraordinary losses	2,274	1,512
<b>Income before income taxes and minority interests</b>	7,549	14,879
Income taxes	1,870	4,496
<b>Income before minority interests</b>	5,679	10,383
Minority interests in income	11	12
<b>Net income</b>	5,668	10,371

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
<b>Income before minority interests</b>	5,679	10,383
Other comprehensive income		
Valuation difference on available-for-sale securities	2,327	1,593
Deferred gains or losses on hedges	48	49
Foreign currency translation adjustment	2,365	739
Remeasurements of defined benefit plans, net of tax	-	(116)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	4,740	2,265
<b>Comprehensive income</b>	10,419	12,648
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,408	12,636
Comprehensive income attributable to minority interests	11	12



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

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	7,549	14,879
Depreciation	4,023	4,156
Impairment loss	-	1,274
Loss (gain) on sales and retirement of non-current assets	146	238
Increase (decrease) in provision for retirement benefits	(97)	-
Increase (decrease) in net defined benefit liability	-	(72)
Interest and dividend income	(511)	(505)
Interest expenses	605	457
Foreign exchange losses (gains)	381	(1,182)
Decrease (increase) in notes and accounts receivable-trade	5,676	5,681
Decrease (increase) in inventories	8,914	(2,433)
Increase (decrease) in notes and accounts payable-trade	(7,802)	(11,692)
Other, net	(100)	1,306
Subtotal	18,784	12,107
Interest and dividend income received	475	587
Interest expenses paid	(587)	(431)
Income taxes paid	(2,521)	(3,641)
Net cash provided by (used in) operating activities	16,151	8,622
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,624)	(197)
Proceeds from withdrawal of time deposits	1,311	4,956
Purchase of property, plant and equipment	(2,806)	(2,281)
Proceeds from sales of property, plant and equipment	3	2
Purchase of intangible assets	(1,545)	(1,771)
Purchase of investment securities	(5,983)	(12,006)
Proceeds from sales and redemption of investment securities	18,001	3,000
Other, net	(16)	12
Net cash provided by (used in) investing activities	7,341	(8,285)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(30)	68
Proceeds from long-term loans payable	5,000	-
Repayments of long-term loans payable	(5,000)	-
Proceeds from issuance of bonds	-	10,012
Purchase of treasury shares	(6)	(12,507)
Repayments of finance lease obligations	(379)	(472)
Cash dividends paid	(5,377)	(4,033)
Other, net	-	0
Net cash provided by (used in) financing activities	(5,792)	(6,932)
<b>Effect of exchange rate change on cash and cash equivalents</b>	3,109	1,189
<b>Net increase (decrease) in cash and cash equivalents</b>	20,809	(5,406)
<b>Cash and cash equivalents at beginning of period</b>	97,350	114,129
<b>Cash and cash equivalents at end of period</b>	118,159	108,723

#### (4) Notes to Consolidated Financial Statements

##### Notes on Premise of Going Concern

Not applicable.

##### Notes on Significant Changes in Shareholders' Equity

###### (a) Acquisition of treasury shares

The Company conducted an acquisition of treasury shares based on a resolution of the meeting of the board of directors held on July 7, 2014. As a result, there was an increase of 12,500 million yen in treasury shares during the first half of the fiscal year ending March 31, 2015.

###### (b) Retirement of treasury shares

The Company retired treasury shares on July 31, 2014 based on a resolution of the meeting of the board of directors held on July 7, 2014. As a result, capital surplus declined by 645 million yen, retained earnings declined by 10,325 million yen, and treasury shares declined by 10,970 million yen during the first half of the fiscal year ending March 31, 2015.

##### Segment Information

###### I Six months ended September 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	124,202	20,920	6,557	151,679	-	151,679
(2) Intersegment	2	24	1,833	1,859	(1,859)	-
Total	124,204	20,944	8,390	153,538	(1,859)	151,679
Segment income (loss)	15,221	(924)	(456)	13,841	(3,257)	10,584

Notes: 1. The 3,257 million yen downward adjustment to segment income (loss) includes corporate expenses of 3,257 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 Six months ended September 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	134,865	19,864	5,266	159,995	-	159,995
(2) Intersegment	1	18	3,344	3,363	(3,363)	-
Total	134,866	19,882	8,610	163,358	(3,363)	159,995
Segment income (loss)	22,649	(4,811)	(149)	17,689	(1,874)	15,815

Notes: 1. The 1,874 million yen downward adjustment to segment income (loss) includes corporate expenses of 1,874 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.