

# Consolidated Financial Results for the Six Months Ended September 30, 2010 (Japan GAAP)

English Translation of "Kessan tanshin"

(Summary for reference)

November 2, 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): November 12, 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 Six Months (From April 1, 2010 to September 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	
		%		%		%		%
Six months ended September 30, 2010	176,361	(10.6)	5,272	-	5,069	-	2,558	-
Six months ended September 30, 2009	197,298	(27.6)	(14,913)	-	(12,929)	-	(10,891)	-

	Net income per share (Yen)	Diluted net income per share (Yen)
Six months ended September 30, 2010	9.32	8.52
Six months ended September 30, 2009	(39.26)	-

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
As of September 30, 2010	376,312	149,533	39.7%	555.73
As of March 31, 2010	429,983	168,857	37.3	577.38

(Reference) Equity: As of September 30, 2010: 149,471 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 September 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.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (Yen)
		%		%		%		%	
Fiscal 2011	375,000	(12.4)	15,000	-	13,000	-	7,000	-	26.03

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

### 4. Others

(1) Changes in significant subsidiaries during the three months ended September 30, 2010 (Changes in scope of consolidation): No

Newly included: -

Excluded: -

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

1. Method of calculation of noncurrent assets depreciation

2. Method of calculation of income taxes, etc. as well as deferred tax assets and deferred tax liabilities

(3) Changes in accounting policies, procedures, presentation methods, 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 September 30, 2010: 279,020,914 shares

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

(b) Number of treasury stock:

As of September 30, 2010: 10,056,490 shares

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

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

Six months ended September 30, 2010: 274,549,491 shares

Six months ended September 30, 2009: 277,414,848 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 consolidated financial statements based on the Financial Instruments and Exchange Law.

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

(Caution Concerning Forward-looking Statements)

The forward-looking statements, 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 Half 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 Half of the Current Fiscal Year**

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

During the first half of the current fiscal year, the Japanese and global economies maintained a moderate recovery. However, this did not dispel concerns about an economic slowdown stemming from the financial problems in some countries in Europe, and the environment remained uncertain.

In this environment, consolidated net sales for the first half declined 10.6% year-on-year to ¥176.3 billion, which is attributable to the exclusion of a subsidiary from consolidation as a result of a business integration. By segment, sales stood at ¥134.1 billion in the Consumer segment. The digital camera business saw the launch and roll out of eight new models, mainly in Europe and China. In the timepieces business, strong sales of the G-SHOCK and EDIFICE brands continued, primarily in North America and Asia. Moreover, the electronic dictionary business continued to hold the overwhelming top share of sales in Japan, and also expanded sales in China. The System Equipment segment recorded sales of ¥22.8 billion, and the Others segment recorded sales of ¥19.2 billion.

In income for the first half, the Consumer segment posted ¥7.5 billion in operating income, with timepieces and electronic dictionaries remaining highly profitable. The System Equipment segment recorded a ¥0.7 billion operating loss while the Others segment registered ¥0.3 billion in operating income. As a result, Casio posted ¥5.2 billion in consolidated operating income, allowing for adjustment. Casio recorded ¥5.0 billion in ordinary income and ¥2.5 billion in net income for the first half of the fiscal year.

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

Total assets on a consolidated basis at the end of the first half of the current fiscal year stood at ¥376.3 billion, down ¥53.6 billion compared to the end of the previous fiscal year, owing to a decline in cash and deposits, and notes and accounts receivable-trade. Net assets fell ¥19.3 billion compared to the end of the previous fiscal year to ¥149.5 billion, due to lower minority interests. As a result, the equity ratio was 39.7%.

Net cash provided by operating activities was ¥4.1 billion, net cash used in investing activities was ¥7.0 billion, and net cash provided by financing activities was ¥3.1 billion. As a result, consolidated cash and cash equivalents at the end of the first half of the current fiscal year stood at ¥105.9 billion, a decrease of ¥7.8 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 = ¥80 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 September 30, 2010	As of March 31, 2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	40,176	52,756
Notes and accounts receivable-trade	60,884	75,565
Short-term investment securities	59,216	53,428
Finished goods	27,078	32,794
Work in process	4,208	5,700
Raw materials and supplies	7,499	12,128
Other	39,848	43,706
Allowance for doubtful accounts	(637)	(627)
<b>Total current assets</b>	<b>238,272</b>	<b>275,450</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Land	38,664	38,702
Other, net	29,549	32,955
<b>Total property, plant and equipment</b>	<b>68,213</b>	<b>71,657</b>
<b>Intangible assets</b>	<b>6,495</b>	<b>13,348</b>
<b>Investments and other assets</b>		
Investment securities	48,956	53,155
Other	14,433	16,434
Allowance for doubtful accounts	(57)	(61)
<b>Total investments and other assets</b>	<b>63,332</b>	<b>69,528</b>
<b>Total noncurrent assets</b>	<b>138,040</b>	<b>154,533</b>
<b>Total assets</b>	<b>376,312</b>	<b>429,983</b>

(Millions of yen)

	As of September 30, 2010	As of March 31, 2010
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	45,032	66,219
Short-term loans payable	14,442	15,846
Current portion of long-term loans payable	200	450
Income taxes payable	3,046	3,481
Provision for product warranties	1,012	1,946
Provision for business structure improvement	-	3,100
Other	41,744	62,073
<b>Total current liabilities</b>	<b>105,476</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	10,571	10,012
Provision for directors' retirement benefits	2,707	2,666
Other	5,025	7,333
<b>Total noncurrent liabilities</b>	<b>121,303</b>	<b>108,011</b>
<b>Total liabilities</b>	<b>226,779</b>	<b>261,126</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	48,592	48,592
Capital surplus	65,703	65,704
Retained earnings	54,108	55,712
Treasury stock	(8,519)	(3,519)
<b>Total shareholders' equity</b>	<b>159,884</b>	<b>166,489</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	955	3,131
Deferred gains or losses on hedges	(293)	(287)
Foreign currency translation adjustment	(11,075)	(9,149)
<b>Total valuation and translation adjustments</b>	<b>(10,413)</b>	<b>(6,305)</b>
<b>Minority interests</b>	<b>62</b>	<b>8,673</b>
<b>Total net assets</b>	<b>149,533</b>	<b>168,857</b>
<b>Total liabilities and net assets</b>	<b>376,312</b>	<b>429,983</b>

## Consolidated Statements of Operations

(Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
<b>Net sales</b>	197,298	176,361
Cost of sales	151,457	119,037
Gross profit	45,841	57,324
Selling, general and administrative expenses		
Salaries, allowances and bonuses	16,541	15,312
Other	44,213	36,740
Total selling, general and administrative expenses	60,754	52,052
<b>Operating income (loss)</b>	(14,913)	5,272
Non-operating income		
Interest income	606	491
Foreign exchange gains	882	-
Other	1,669	655
Total non-operating income	3,157	1,146
Non-operating expenses		
Interest expenses	450	409
Foreign exchange losses	-	279
Other	723	661
Total non-operating expenses	1,173	1,349
<b>Ordinary income (loss)</b>	(12,929)	5,069
Extraordinary income		
Gain on sales of noncurrent assets	9	7
Gain on sales of investment securities	939	0
Gain on sales of golf memberships	-	18
Total extraordinary income	948	25
Extraordinary loss		
Loss on retirement of noncurrent assets	570	211
Loss on valuation of investment securities	1,000	24
Special retirement expenses	578	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	152
Other	80	21
Total extraordinary losses	2,228	408
<b>Income (loss) before income taxes and minority interests</b>	(14,209)	4,686
<b>Income taxes</b>	2,350	2,605
<b>Income (loss) before minority interests</b>	(16,559)	2,081
<b>Minority interests in loss</b>	(5,668)	(477)
<b>Net income (loss)</b>	(10,891)	2,558

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
<b>Net cash provided by (used in) operating activities</b>		
Income (loss) before income taxes and minority interests	(14,209)	4,686
Depreciation and amortization	13,196	7,104
Loss (gain) on sales and retirement of noncurrent assets	561	204
Loss (gain) on sales of investment securities	(939)	(0)
Loss (gain) on valuation of investment securities	1,000	24
Increase (decrease) in provision for retirement benefits	1,478	621
Increase (decrease) in provision for directors' retirement benefits	(28)	41
Interest and dividends income	(737)	(666)
Interest expenses	450	409
Foreign exchange losses (gains)	90	167
Decrease (increase) in notes and accounts receivable-trade	11,448	(1,693)
Decrease (increase) in inventories	(1,573)	(2,726)
Increase (decrease) in notes and accounts payable-trade	(11,862)	3,038
Other, net	4,175	(5,243)
Subtotal	3,050	5,966
Interest and dividends income received	935	736
Interest expenses paid	(518)	(429)
Income taxes (paid) refund	2,269	(2,121)
Net cash provided by (used in) operating activities	5,736	4,152
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(916)	(1,791)
Proceeds from withdrawal of time deposits	1,662	1,227
Purchase of property, plant and equipment	(3,542)	(2,456)
Proceeds from sales of property, plant and equipment	3	28
Purchase of intangible assets	(10,524)	(2,522)
Purchase of investment securities	(3,025)	(2,038)
Proceeds from sales and redemption of investment securities	7,203	3,303
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	(479)	(107)
Net cash provided by (used in) investing activities	(9,618)	(7,093)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	5,201	(1,405)
Repayment of long-term loans payable	(10,250)	(250)
Proceeds from issuance of bonds	-	14,924
Purchase of treasury stock	(2)	(5,001)
Repayments of finance lease obligations	(1,723)	(948)
Cash dividends paid	(6,380)	(4,161)
Other, net	30	0
Net cash provided by (used in) financing activities	(13,124)	3,159
<b>Effect of exchange rate change on cash and cash equivalents</b>	(752)	(1,809)
<b>Net increase (decrease) in cash and cash equivalents</b>	(17,758)	(1,591)
<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>	-	(6,257)
<b>Cash and cash equivalents at end of period</b>	86,490	105,936

## Notes on Premise of Going Concern

Not applicable.

## Segment Information

### Business Segment Information

Six months ended September 30, 2009

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amounts	Consolidated
Net sales					
(1) Outside customers	174,210	23,088	197,298	-	197,298
(2) Inside group	321	9,333	9,654	(9,654)	-
Total	174,531	32,421	206,952	(9,654)	197,298
Operating loss	(10,217)	(2,165)	(12,382)	(2,531)	(14,913)

### Segment Information

#### 1. Overview of Reportable Segments

Six months ended September 30, 2010

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

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

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

- Consumer.....Watches, Clocks, Electronic dictionaries, Electronic calculators, Label printers, Electronic musical instruments, Digital cameras, etc.
- System equipment.....Handy terminals, Electronic cash registers (including POS), Office computers, Page printers, Data projectors, etc.
- Others .....WLP processing consignments, LCDs, Molds, etc.

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

Six months ended September 30, 2010

(Millions of yen)

	Reportable segments				Adjustment *1	Consolidated statement of operations *2
	Consumer	System equipment	Others	Total		
Net sales						
(1) Outside customers	134,185	22,895	19,281	176,361	-	176,361
(2) Inside group	11	364	3,368	3,743	(3,743)	-
Total	134,196	23,259	22,649	180,104	(3,743)	176,361
Segment income (loss)	7,518	(793)	313	7,038	(1,766)	5,272

Notes: 1. The (1,766) million yen adjustment to segment income or loss includes (1,766) million yen in corporate expenses that are not allocated to any reportable segments. 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.

#### (Additional 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.