

# Consolidated Financial Results for the First Quarter Ended June 30, 2015 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

July 29, 2015

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

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

Stock Exchange Listings: Tokyo

Code Number: 6952

President and COO: Kazuhiro Kashio

Inquiries: Akinori Takagi, Senior Executive Managing Officer

Tel: (03) 5334-4852

Filing of Securities Report (*Shihanki Hokokusho*) (scheduled): August 7, 2015

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 29, 2015 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, 2015 to June 30, 2015)

(Millions of yen)

### (1) Operating Results

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

|                                  | Net sales |      | Operating income |      | Ordinary income |      | Profit attributable to owners of parent |       |
|----------------------------------|-----------|------|------------------|------|-----------------|------|---|-------|
|                                  |           | %    |                  | %    |                 | %    |   | %     |
| Three months ended June 30, 2015 | 79,455    | 10.0 | 9,064            | 29.1 | 9,472           | 43.1 | 6,648                                   | 44.5  |
| Three months ended June 30, 2014 | 72,211    | 4.5  | 7,021            | 74.8 | 6,621           | 77.3 | 4,601                                   | 115.3 |

(Note) Comprehensive income: Three months ended June 30, 2015: 8,425 million yen 94.7 %  
Three months ended June 30, 2014: 4,328 million yen (20.2)%

|                                  | Basic earnings per share (Yen) | Diluted earnings per share (Yen) |
|----------------------------------|--------------------------------|----------------------------------|
| Three months ended June 30, 2015 | 25.44                          | 24.97                            |
| Three months ended June 30, 2014 | 17.11                          | 17.11                            |

### (2) Financial Position

(Millions of yen)

|                      | Total assets | Net assets | Equity ratio |
|----------------------|--------------|------------|--------------|
| As of June 30, 2015  | 366,706      | 206,699    | 56.4 %       |
| As of March 31, 2015 | 374,656      | 204,158    | 54.5         |

(Reference) Equity: As of June 30, 2015: 206,699 million yen  
As of March 31, 2015: 204,158 million yen

## 2. Dividends

|                                       | Dividends per share (Yen) |              |             |          |       |
|---------------------------------------|---------------------------|--------------|-------------|----------|-------|
|                                       | June 30                   | September 30 | December 31 | March 31 | Total |
| Year ended March 31, 2015             | -                         | 12.50        | -           | 22.50    | 35.00 |
| Year ending March 31, 2016            | -                         |              |             |          |       |
| Year ending March 31, 2016 (Forecast) |                           | 17.50        | -           | 17.50    | 35.00 |

(Note) Revision of most recent dividends forecast: No

### 3. Consolidated Results Forecasts for Fiscal 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

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

|             | Net sales |     | Operating income |      | Ordinary income |      | Profit attributable to owners of parent |      | Basic earnings per share |
|-------------|-----------|-----|------------------|------|-----------------|------|---|------|--------------------------|
|             |           | %   |                  | %    |                 | %    |   | %    | Yen                      |
| First Half  | 170,000   | 6.3 | 20,000           | 26.5 | 19,000          | 15.9 | 13,000                                  | 25.3 | 49.74                    |
| Fiscal 2016 | 370,000   | 9.3 | 50,000           | 36.0 | 48,000          | 26.8 | 33,000                                  | 25.0 | 126.27                   |

(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 June 30, 2015: 269,020,914 shares

As of March 31, 2015: 269,020,914 shares

(b) Number of treasury shares:

As of June 30, 2015: 7,683,387 shares

As of March 31, 2015: 7,681,689 shares

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

Three months ended June 30, 2015: 261,338,415 shares

Three months ended June 30, 2014: 268,838,826 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 July 29, 2015.

## 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, although Japan's economy maintained a moderate recovery, uncertainty remained over the future outlook, due in part to such factors as financial instability in Europe and concerns about an economic slowdown in emerging countries.

In this situation, consolidated net sales for the first quarter of the fiscal year rose 10.0% year-on-year to ¥79.4 billion. By segment, sales stood at ¥68.2 billion in the Consumer segment, ¥9.1 billion in the System Equipment segment, and ¥2.0 billion in the Others segment.

In the timepiece business, sales of the high-end G-SHOCK and OCEANUS lines, including GPS hybrid radio-controlled solar-powered watches, remained strong in Japan and overseas, driving substantial growth in overall sales. Also, sales of the EDIFICE model which connects to a smartphone via Bluetooth® continued to be favorable. Sales of digital cameras increased thanks to the expanded lineup of original high-end models. Projector sales grew due to the launch of the new XJ-V1, an innovative, cost-competitive model.

In income for the first quarter, the Consumer segment posted ¥11.5 billion in operating income. The improved product mix in the timepiece business helped spur the income growth in the segment. Digital cameras secured stable income from the expanded lineup of original high-end products. The System Equipment segment recorded a ¥1.4 billion operating loss. The Others segment posted an operating loss of ¥20 million. As a result, Casio posted ¥9.0 billion in consolidated operating income, up 29.1% year-on-year, allowing for adjustment. Casio recorded ¥9.4 billion in ordinary income, up 43.1% year-on-year, and ¥6.6 billion in profit attributable to owners of parent, up 44.5% year-on-year.

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

Total assets on a consolidated basis at the end of the first quarter of the current fiscal year stood at ¥366.7 billion, a decrease of ¥7.9 billion compared to the end of the previous fiscal year mainly due to a decrease in cash and deposits. Net assets increased ¥2.5 billion to ¥206.6 billion, primarily as a result of an increase in foreign currency translation adjustment. As a result, the equity ratio improved 1.9 points compared to the end of the previous fiscal year to 56.4%.

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 2016, which were published on May 12, 2015.

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 = ¥110 and Euro 1 = ¥125
- 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<br>March 31, 2015 | As of<br>June 30, 2015 |
|-------------------------------------|-------------------------|------------------------|
| <b>Assets</b>                       |                         |                        |
| <b>Current assets</b>               |                         |                        |
| Cash and deposits                   | 82,806                  | 59,840                 |
| Notes and accounts receivable-trade | 45,869                  | 41,350                 |
| Securities                          | 32,144                  | 41,002                 |
| Finished goods                      | 41,064                  | 45,428                 |
| Work in process                     | 7,258                   | 6,139                  |
| Raw materials and supplies          | 7,629                   | 7,285                  |
| Other                               | 28,364                  | 36,446                 |
| Allowance for doubtful accounts     | (520)                   | (517)                  |
| <b>Total current assets</b>         | <b>244,614</b>          | <b>236,973</b>         |
| <b>Non-current assets</b>           |                         |                        |
| Property, plant and equipment       |                         |                        |
| Land                                | 36,492                  | 36,214                 |
| Other, net                          | 25,809                  | 25,433                 |
| Total property, plant and equipment | 62,301                  | 61,647                 |
| Intangible assets                   | 6,252                   | 6,260                  |
| Investments and other assets        |                         |                        |
| Investment securities               | 42,140                  | 43,357                 |
| Net defined benefit asset           | 14,138                  | 14,382                 |
| Other                               | 5,285                   | 4,166                  |
| Allowance for doubtful accounts     | (74)                    | (79)                   |
| Total investments and other assets  | 61,489                  | 61,826                 |
| <b>Total non-current assets</b>     | <b>130,042</b>          | <b>129,733</b>         |
| <b>Total assets</b>                 | <b>374,656</b>          | <b>366,706</b>         |

(Millions of yen)

|   | As of<br>March 31, 2015 | As of<br>June 30, 2015 |
|---|-------------------------|------------------------|
| <b>Liabilities</b>                                    |                         |                        |
| <b>Current liabilities</b>                            |                         |                        |
| Notes and accounts payable-trade                      | 35,135                  | 28,769                 |
| Short-term loans payable                              | 250                     | 181                    |
| Income taxes payable                                  | 3,208                   | 2,515                  |
| Provision for product warranties                      | 778                     | 797                    |
| Other   | 42,935                  | 40,809                 |
| <b>Total current liabilities</b>                      | 82,306                  | 73,071                 |
| <b>Non-current liabilities</b>                        |                         |                        |
| Bonds with subscription rights to shares              | 10,043                  | 10,041                 |
| Long-term loans payable                               | 67,000                  | 67,000                 |
| Net defined benefit liability                         | 1,219                   | 1,205                  |
| Other   | 9,930                   | 8,690                  |
| <b>Total non-current liabilities</b>                  | 88,192                  | 86,936                 |
| <b>Total liabilities</b>                              | 170,498                 | 160,007                |
| <b>Net assets</b>                                     |                         |                        |
| <b>Shareholders' equity</b>                           |                         |                        |
| Capital stock   | 48,592                  | 48,592                 |
| Capital surplus                                       | 65,058                  | 65,058                 |
| Retained earnings                                     | 79,301                  | 80,069                 |
| Treasury shares                                       | (9,995)                 | (9,999)                |
| <b>Total shareholders' equity</b>                     | 182,956                 | 183,720                |
| <b>Accumulated other comprehensive income</b>         |                         |                        |
| Valuation difference on available-for-sale securities | 11,392                  | 12,227                 |
| Foreign currency translation adjustment               | 2,622                   | 3,671                  |
| Remeasurements of defined benefit plans               | 7,188                   | 7,081                  |
| <b>Total accumulated other comprehensive income</b>   | 21,202                  | 22,979                 |
| <b>Total net assets</b>                               | 204,158                 | 206,699                |
| <b>Total liabilities and net assets</b>               | 374,656                 | 366,706                |

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

(Millions of yen)

|   | Three months ended<br>June 30, 2014 | Three months ended<br>June 30, 2015 |
|---|-------------------------------------|-------------------------------------|
| <b>Net sales</b>  | 72,211                              | 79,455                              |
| Cost of sales   | 39,699                              | 43,163                              |
| <b>Gross profit</b>                                     | 32,512                              | 36,292                              |
| Selling, general and administrative expenses            |                                     |                                     |
| Salaries, allowances and bonuses                        | 8,586                               | 9,147                               |
| Other   | 16,905                              | 18,081                              |
| Total selling, general and administrative expenses      | 25,491                              | 27,228                              |
| <b>Operating income</b>                                 | 7,021                               | 9,064                               |
| Non-operating income                                    |                                     |                                     |
| Interest income   | 137                                 | 124                                 |
| Foreign exchange gains                                  | -                                   | 353                                 |
| Other   | 133                                 | 103                                 |
| Total non-operating income                              | 270                                 | 580                                 |
| Non-operating expenses                                  |                                     |                                     |
| Interest expenses                                       | 228                                 | 95                                  |
| Foreign exchange losses                                 | 202                                 | -                                   |
| Other   | 240                                 | 77                                  |
| Total non-operating expenses                            | 670                                 | 172                                 |
| <b>Ordinary income</b>                                  | 6,621                               | 9,472                               |
| Extraordinary losses                                    |                                     |                                     |
| Impairment loss   | -                                   | 262                                 |
| Other   | 12                                  | 18                                  |
| Total extraordinary losses                              | 12                                  | 280                                 |
| <b>Profit before income taxes</b>                       | 6,609                               | 9,192                               |
| Income taxes  | 2,003                               | 2,544                               |
| <b>Profit</b>   | 4,606                               | 6,648                               |
| <b>Profit attributable to non-controlling interests</b> | 5                                   | -                                   |
| <b>Profit attributable to owners of parent</b>          | 4,601                               | 6,648                               |

## Consolidated Statements of Comprehensive Income

(Millions of yen)

|  | Three months ended<br>June 30, 2014 | Three months ended<br>June 30, 2015 |
|--|-------------------------------------|-------------------------------------|
| <b>Profit</b>  | 4,606                               | 6,648                               |
| Other comprehensive income   |                                     |                                     |
| Valuation difference on available-for-sale securities                                | 899                                 | 835                                 |
| Deferred gains or losses on hedges   | 24                                  | -                                   |
| Foreign currency translation adjustment  | (1,147)                             | 1,049                               |
| Remeasurements of defined benefit plans  | (54)                                | (107)                               |
| Share of other comprehensive income of entities<br>accounted for using equity method | (0)                                 | (0)                                 |
| Total other comprehensive income   | (278)                               | 1,777                               |
| <b>Comprehensive income</b>  | 4,328                               | 8,425                               |
| Comprehensive income attributable to   |                                     |                                     |
| Comprehensive income attributable to owners of parent                                | 4,323                               | 8,425                               |
| Comprehensive income attributable to non-controlling<br>interests                    | 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, 2014

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

(Millions of yen)

|                        | Reportable segments |                     |        |        | Adjustments<br>(Note 1) | Amounts on<br>consolidated<br>statement of<br>income<br>(Note 2) |
|------------------------|---------------------|---------------------|--------|--------|-------------------------|--|
|                        | Consumer            | System<br>Equipment | Others | Total  |                         |  |
| Net sales              |                     |                     |        |        |                         |  |
| (1) External 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.

##### II Three months ended June 30, 2015

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

(Millions of yen)

|                        | Reportable segments |                     |        |        | Adjustments<br>(Note 1) | Amounts on<br>consolidated<br>statement of<br>income<br>(Note 2) |
|------------------------|---------------------|---------------------|--------|--------|-------------------------|--|
|                        | Consumer            | System<br>Equipment | Others | Total  |                         |  |
| Net sales              |                     |                     |        |        |                         |  |
| (1) External customers | 68,295              | 9,148               | 2,012  | 79,455 | -                       | 79,455   |
| (2) Intersegment       | 0                   | 4                   | 2,500  | 2,504  | (2,504)                 | -  |
| Total                  | 68,295              | 9,152               | 4,512  | 81,959 | (2,504)                 | 79,455   |
| Segment income (loss)  | 11,506              | (1,403)             | (22)   | 10,081 | (1,017)                 | 9,064  |

Notes: 1. The 1,017 million yen downward adjustment to segment income (loss) includes corporate expenses of 1,017 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.