

# Consolidated Financial Results for the Six Months Ended September 30, 2015 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

November 4, 2015

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

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

Stock Exchange Listings: Tokyo

Code Number: 6952

President and COO: Kazuhiro Kashio

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Filing of Securities Report (*Shihanki Hokokusho*) (scheduled): November 13, 2015

Start of distribution of dividends (scheduled): December 3, 2015

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on November 4, 2015 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, 2015 to September 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	
		%		%		%		%
Six months ended September 30, 2015	173,994	8.7	21,633	36.8	21,743	32.7	15,413	48.6
Six months ended September 30, 2014	159,995	5.5	15,815	49.4	16,391	66.9	10,371	83.0

(Note) Comprehensive income: Six months ended September 30, 2015: 11,210 million yen (11.4) %  
Six months ended September 30, 2014: 12,648 million yen 21.4 %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six months ended September 30, 2015	58.98	57.89
Six months ended September 30, 2014	38.99	38.70

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of September 30, 2015	374,641	209,480	55.9 %
As of March 31, 2015	374,656	204,158	54.5

(Reference) Equity: As of September 30, 2015: 209,480 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	-	17.50			
Year ending March 31, 2016 (Forecast)			-	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 from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
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 September 30, 2015: 269,020,914 shares

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

(b) Number of treasury shares:

As of September 30, 2015: 7,685,355 shares

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

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

Six months ended September 30, 2015: 261,337,344 shares

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

1. 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.
2. The supplementary explanatory materials for the financial results are published on the company's official website on November 4, 2015.

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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 Japanese and US economies maintained a moderate recovery, uncertainty remained over the future outlook, due to the increasing risk of a downturn in the global economy posed by the economic slowdown in China and other countries.

In this situation, consolidated net sales for the first half of the fiscal year rose 8.7% year-on-year to ¥173.9 billion. By segment, sales stood at ¥148.8 billion in the Consumer segment, ¥20.9 billion in the System Equipment segment, and ¥4.1 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, 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 stayed strong thanks to the expanded lineup of original high-end models. Projector sales grew substantially due to the strong sales of the new XJ-V1, an innovative, cost-competitive model.

In income for the first half of the fiscal year, the Consumer segment posted ¥24.9 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 thanks to the lineup of original high-end products. Buoyed by substantial income growth in projectors, the System Equipment segment recorded an operating loss of only ¥0.9 billion. The Others segment posted an operating loss of ¥0.2 billion. As a result, Casio posted ¥21.6 billion in consolidated operating income, up 36.8% year-on-year, allowing for adjustment. Casio recorded ¥21.7 billion in ordinary income, up 32.7% year-on-year, and ¥15.4 billion in profit attributable to owners of parent, up 48.6% year-on-year.

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

Total assets on a consolidated basis at the end of the first half of the current fiscal year stood at ¥374.6 billion. Net assets increased ¥5.3 billion to ¥209.4 billion compared to the end of the previous fiscal year, mainly due to an increase in retained earnings. As a result, the equity ratio improved 1.4 points compared to the end of the previous fiscal year to 55.9%.

Net cash provided by operating activities was ¥14.9 billion, net cash provided by investing activities was ¥3.7 billion, and net cash used in financing activities was ¥6.3 billion. As a result, consolidated cash and cash equivalents at the end of the first half of the current fiscal year was ¥123.3 billion, an increase of ¥12.5 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 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 = ¥115 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, 2015	As of September 30, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	82,806	57,567
Notes and accounts receivable-trade	45,869	45,087
Securities	32,144	57,001
Finished goods	41,064	43,918
Work in process	7,258	5,915
Raw materials and supplies	7,629	8,020
Other	28,364	31,717
Allowance for doubtful accounts	(520)	(554)
<b>Total current assets</b>	244,614	248,671
<b>Non-current assets</b>		
Property, plant and equipment		
Land	36,492	36,190
Other, net	25,809	25,479
Total property, plant and equipment	62,301	61,669
Intangible assets	6,252	6,458
Investments and other assets		
Investment securities	42,140	37,484
Net defined benefit asset	14,138	14,626
Other	5,285	5,811
Allowance for doubtful accounts	(74)	(78)
Total investments and other assets	61,489	57,843
<b>Total non-current assets</b>	130,042	125,970
<b>Total assets</b>	374,656	374,641

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	35,135	30,390
Short-term loans payable	250	238
Current portion of long-term loans payable	-	5,000
Income taxes payable	3,208	3,883
Provision for product warranties	778	774
Other	42,935	43,179
<b>Total current liabilities</b>	82,306	83,464
<b>Non-current liabilities</b>		
Bonds with subscription rights to shares	10,043	10,038
Long-term loans payable	67,000	62,000
Net defined benefit liability	1,219	1,138
Other	9,930	8,521
<b>Total non-current liabilities</b>	88,192	81,697
<b>Total liabilities</b>	170,498	165,161
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	48,592	48,592
Capital surplus	65,058	65,058
Retained earnings	79,301	88,834
Treasury shares	(9,995)	(10,003)
<b>Total shareholders' equity</b>	182,956	192,481
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,392	8,210
Foreign currency translation adjustment	2,622	1,808
Remeasurements of defined benefit plans	7,188	6,981
<b>Total accumulated other comprehensive income</b>	21,202	16,999
<b>Total net assets</b>	204,158	209,480
<b>Total liabilities and net assets</b>	374,656	374,641

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
<b>Net sales</b>	159,995	173,994
Cost of sales	89,110	95,376
<b>Gross profit</b>	70,885	78,618
Selling, general and administrative expenses		
Salaries, allowances and bonuses	17,006	17,988
Other	38,064	38,997
Total selling, general and administrative expenses	55,070	56,985
<b>Operating income</b>	15,815	21,633
Non-operating income		
Interest income	283	253
Dividend income	221	296
Foreign exchange gains	783	-
Other	183	41
Total non-operating income	1,470	590
Non-operating expenses		
Interest expenses	457	215
Other	437	265
Total non-operating expenses	894	480
<b>Ordinary income</b>	16,391	21,743
Extraordinary income		
Gain on sales of non-current assets	-	3
Total extraordinary income	-	3
Extraordinary losses		
Impairment loss	1,274	262
Other	238	24
Total extraordinary losses	1,512	286
<b>Profit before income taxes</b>	14,879	21,460
Income taxes	4,496	6,047
<b>Profit</b>	10,383	15,413
<b>Profit attributable to non-controlling interests</b>	12	-
<b>Profit attributable to owners of parent</b>	10,371	15,413

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
<b>Profit</b>	10,383	15,413
Other comprehensive income		
Valuation difference on available-for-sale securities	1,593	(3,182)
Deferred gains or losses on hedges	49	-
Foreign currency translation adjustment	739	(814)
Remeasurements of defined benefit plans	(116)	(207)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	2,265	(4,203)
<b>Comprehensive income</b>	12,648	11,210
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,636	11,210
Comprehensive income attributable to non-controlling interests	12	-



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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
<b>Cash flows from operating activities</b>		
Profit before income taxes	14,879	21,460
Depreciation	4,156	4,314
Impairment loss	1,274	262
Loss (gain) on sales and retirement of non-current assets	238	21
Increase (decrease) in net defined benefit liability	(72)	(78)
Decrease (increase) in net defined benefit asset	(443)	(488)
Interest and dividend income	(505)	(549)
Interest expenses	457	215
Foreign exchange losses (gains)	(1,182)	(348)
Decrease (increase) in notes and accounts receivable-trade	5,681	501
Decrease (increase) in inventories	(2,433)	(2,149)
Increase (decrease) in notes and accounts payable-trade	(11,692)	(4,714)
Other, net	1,749	(800)
Subtotal	12,107	17,647
Interest and dividend income received	587	596
Interest expenses paid	(431)	(212)
Income taxes paid	(3,641)	(3,077)
Net cash provided by (used in) operating activities	8,622	14,954
<b>Cash flows from investing activities</b>		
Payments into time deposits	(197)	(217)
Proceeds from withdrawal of time deposits	4,956	896
Purchase of property, plant and equipment	(2,281)	(3,145)
Proceeds from sales of property, plant and equipment	2	38
Purchase of intangible assets	(1,771)	(1,726)
Purchase of investment securities	(12,006)	(44)
Proceeds from sales and redemption of investment securities	3,000	8,025
Other, net	12	(60)
Net cash provided by (used in) investing activities	(8,285)	3,767
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	68	(13)
Proceeds from issuance of bonds	10,012	-
Purchase of treasury shares	(12,507)	(9)
Repayments of finance lease obligations	(472)	(470)
Cash dividends paid	(4,033)	(5,880)
Other, net	0	0
Net cash provided by (used in) financing activities	(6,932)	(6,372)
<b>Effect of exchange rate change on cash and cash equivalents</b>	1,189	236
<b>Net increase (decrease) in cash and cash equivalents</b>	(5,406)	12,585
<b>Cash and cash equivalents at beginning of period</b>	114,129	110,737
<b>Cash and cash equivalents at end of period</b>	108,723	123,322

#### (4) 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 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) External 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.

###### II Six months ended September 30, 2015

###### 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) External customers	148,866	20,981	4,147	173,994	-	173,994
(2) Intersegment	1	15	5,241	5,257	(5,257)	-
Total	148,867	20,996	9,388	179,251	(5,257)	173,994
Segment income (loss)	24,924	(932)	(204)	23,788	(2,155)	21,633

Notes: 1. The 2,155 million yen downward adjustment to segment income (loss) includes corporate expenses of 2,155 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.