

Consolidated Financial Results for the First Quarter Ended June 30, 2017 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

August 2, 2017

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): August 10, 2017

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 August 2, 2017 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, 2017 to June 30, 2017)

(Millions of yen)

(1) Operating Results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%
Three months ended June 30, 2017	69,795	(6.0)	6,566	(7.6)	5,818	129.8	4,181	73.8
Three months ended June 30, 2016	74,280	(6.5)	7,105	(21.6)	2,532	(73.3)	2,405	(63.8)

(Note) Comprehensive income: Three months ended June 30, 2017: 5,934 million yen - %
Three months ended June 30, 2016: (3,897) million yen - %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three months ended June 30, 2017	16.97	16.64
Three months ended June 30, 2016	9.38	9.20

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
			%
As of June 30, 2017	344,326	197,338	57.3
As of March 31, 2017	351,452	196,332	55.9

(Reference) Equity: As of June 30, 2017: 197,338 million yen
As of March 31, 2017: 196,332 million yen

2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2017	-	20.00	-	20.00	40.00
Year ending March 31, 2018	-				
Year ending March 31, 2018 (Forecast)		20.00	-	20.00	40.00

(Note) Revision of most recent dividends forecast: No

3. Consolidated Results Forecasts for Fiscal 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
First Half	160,000	2.1	14,500	7.6	13,500	64.1	9,500	48.7	38.57
Fiscal 2018	350,000	9.0	34,000	11.0	32,000	22.0	22,500	22.2	91.34

(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: No

(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, 2017: 259,020,914 shares

As of March 31, 2017: 259,020,914 shares

(b) Number of treasury shares:

As of June 30, 2017: 12,692,615 shares

As of March 31, 2017: 12,691,770 shares

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

Three months ended June 30, 2017: 246,328,730 shares

Three months ended June 30, 2016: 256,331,826 shares

This report of consolidated financial results is outside the scope of quarterly review.

Proper Use of Business Results Forecasts and Other Notes

(Caution Concerning Forward-looking Statements)

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 August 2, 2017.

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, uncertainty remained over the future outlook both in Japan and overseas due to a slowdown trend and political unrest in emerging countries, although a tone of moderate recovery due to the improving hiring environment and other factors continued in the U.S. and Japan.

In this situation, consolidated net sales for the first quarter of the fiscal year stood at ¥69.7 billion, down 6.0% year-on-year. The effect of the launch of new products in the timepiece business is expected to appear in the second quarter and beyond. By segment, sales were ¥59.7 billion in the Consumer segment, ¥8.2 billion in the System Equipment segment, and ¥1.8 billion in the Others segment.

In the timepiece business, the G-STEEL line under the G-SHOCK brand remained strong globally, particularly among young people. In the calculator business, scientific calculators for students overseas also continued to be robust. In the electronic dictionary business, products for older people continued to perform well.

In profit for the first quarter, Casio posted ¥6.5 billion in consolidated operating profit, allowing for adjustment, down 7.6% year-on-year. The Consumer segment posted ¥7.9 billion in operating profit. The Systems Equipment segment posted an operating loss of ¥30 million, and the Others segment posted an operating profit of ¥90 million. The timepiece business secured high profitability with strong sales of highly profitable products. The calculator business secured profitability with robust sales of scientific calculators overseas. The digital camera and musical instruments businesses frontloaded investment aimed at future expansion of their strategic product lineups. The Systems Equipment segment experienced a substantial ¥900 million improvement due to structural reform. Casio recorded ¥5.8 billion in ordinary profit, and ¥4.1 billion in profit attributable to owners of parent, which were significant improvements.

(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 ¥344.3 billion, down ¥7.1 billion compared to the end of the previous fiscal year, mainly owing to a decrease in notes and accounts receivable - trade, despite an increase in inventory assets aimed at expanding sales of new products. Net assets increased ¥1.0 billion to ¥197.3 billion compared to the end of the previous fiscal year, mainly due to an increase in valuation difference on available-for-sale securities. As a result, the equity ratio improved 1.4 points compared to the end of the previous fiscal year to 57.3%.

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 2018, which were published on May 10, 2017.

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 = ¥113 and Euro 1 = ¥118
- 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 and Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	55,197	54,695
Notes and accounts receivable-trade	47,725	38,260
Securities	43,920	40,000
Finished goods	38,352	43,244
Work in process	5,606	5,140
Raw materials and supplies	8,300	8,220
Other	34,895	35,187
Allowance for doubtful accounts	(548)	(481)
Total current assets	233,447	224,265
Non-current assets		
Property, plant and equipment		
Land	34,090	34,090
Other, net	22,701	22,939
Total property, plant and equipment	56,791	57,029
Intangible assets	6,784	6,926
Investments and other assets		
Investment securities	35,153	37,457
Net defined benefit asset	13,122	13,373
Other	6,222	5,342
Allowance for doubtful accounts	(67)	(66)
Total investments and other assets	54,430	56,106
Total non-current assets	118,005	120,061
Total assets	351,452	344,326

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	31,751	27,094
Short-term loans payable	155	150
Current portion of long-term loans payable	2,000	2,000
Income taxes payable	2,593	2,447
Provision for product warranties	772	786
Provision for business structure improvement	631	631
Other	37,593	35,333
Total current liabilities	75,495	68,441
Non-current liabilities		
Bonds with subscription rights to shares	10,023	10,021
Long-term loans payable	61,000	61,000
Provision for business structure improvement	784	784
Net defined benefit liability	491	471
Other	7,327	6,271
Total non-current liabilities	79,625	78,547
Total liabilities	155,120	146,988
Net assets		
Shareholders' equity		
Capital stock	48,592	48,592
Capital surplus	65,058	65,058
Retained earnings	92,228	91,483
Treasury shares	(19,942)	(19,944)
Total shareholders' equity	185,936	185,189
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,138	10,772
Foreign currency translation adjustment	(3,573)	(3,186)
Remeasurements of defined benefit plans	4,831	4,563
Total accumulated other comprehensive income	10,396	12,149
Total net assets	196,332	197,338
Total liabilities and net assets	351,452	344,326

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

Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	74,280	69,795
Cost of sales	42,311	39,054
Gross profit	31,969	30,741
Selling, general and administrative expenses		
Salaries, allowances and bonuses	8,556	8,574
Other	16,308	15,601
Total selling, general and administrative expenses	24,864	24,175
Operating profit	7,105	6,566
Non-operating income		
Interest income	97	91
Other	62	104
Total non-operating income	159	195
Non-operating expenses		
Foreign exchange losses	4,577	804
Other	155	139
Total non-operating expenses	4,732	943
Ordinary profit	2,532	5,818
Extraordinary income		
Gain on sales of non-current assets	398	5
Gain on sales of investment securities	72	4
Total extraordinary income	470	9
Extraordinary losses		
Loss on retirement of non-current assets	14	11
Impairment loss	19	-
Total extraordinary losses	33	11
Profit before income taxes	2,969	5,816
Income taxes	564	1,635
Profit	2,405	4,181
Profit attributable to owners of parent	2,405	4,181

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	2,405	4,181
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,474)	1,634
Foreign currency translation adjustment	(4,778)	387
Remeasurements of defined benefit plans	(50)	(268)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(6,302)	1,753
Comprehensive income	(3,897)	5,934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,897)	5,934
Comprehensive income attributable to non-controlling interests	-	-

(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, 2016

Information on Net Sales and Profit or Loss for Each Reportable Segment (Millions of yen)

	Reportable segments				Adjustments (Note 1)	Amounts on consolidated statement of profit (Note 2)
	Consumer	System Equipment	Others	Total		
Net sales						
(1) External customers	63,783	8,607	1,890	74,280	-	74,280
(2) Intersegment	1	5	1,744	1,750	(1,750)	-
Total	63,784	8,612	3,634	76,030	(1,750)	74,280
Segment profit (loss)	9,178	(944)	(18)	8,216	(1,111)	7,105

Notes: 1. The 1,111 million yen downward adjustment to segment profit (loss) includes corporate expenses of 1,111 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 profit (loss) is reconciled with operating profit in the consolidated statement of income.

II Three months ended June 30, 2017

Information on Net Sales and Profit or Loss for Each Reportable Segment (Millions of yen)

	Reportable segments				Adjustments (Note 1)	Amounts on consolidated statement of profit (Note 2)
	Consumer	System Equipment	Others	Total		
Net sales						
(1) External customers	59,774	8,213	1,808	69,795	-	69,795
(2) Intersegment	-	5	1,774	1,779	(1,779)	-
Total	59,774	8,218	3,582	71,574	(1,779)	69,795
Segment profit (loss)	7,925	(38)	98	7,985	(1,419)	6,566

Notes: 1. The 1,419 million yen downward adjustment to segment profit (loss) includes corporate expenses of 1,419 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 profit (loss) is reconciled with operating profit in the consolidated statement of income.