

Consolidated Financial Results for the First Quarter Ended June 30, 2016 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

August 2, 2016

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 12, 2016

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, 2016 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, 2016 to June 30, 2016)

(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, 2016	74,280	(6.5)	7,105	(21.6)	2,532	(73.3)	2,405	(63.8)
Three months ended June 30, 2015	79,455	10.0	9,064	29.1	9,472	43.1	6,648	44.5

(Note) Comprehensive income: Three months ended June 30, 2016: (3,897) million yen - %
Three months ended June 30, 2015: 8,425 million yen 94.7 %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three months ended June 30, 2016	9.38	9.20
Three months ended June 30, 2015	25.44	24.97

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of June 30, 2016	346,367	192,447	55.6 %
As of March 31, 2016	368,454	202,111	54.9 %

(Reference) Equity: As of June 30, 2016: 192,447 million yen
As of March 31, 2016: 202,111 million yen

2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2016	-	17.50	-	22.50	40.00
Year ending March 31, 2017	-				
Year ending March 31, 2017 (Forecast)		20.00	-	20.00	40.00

(Note) Revision of most recent dividends forecast: No

3. Consolidated Results Forecasts for Fiscal 2017 (From April 1, 2016 to March 31, 2017)

(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	(2.3)	20,000	(7.5)	16,500	(24.1)	11,500	(25.4)	44.86
Fiscal 2017	370,000	5.0	48,000	13.8	46,000	12.0	33,000	5.8	128.74

(Note) Revision of most recent consolidated results forecasts: Yes

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, 2016: 269,020,914 shares

As of March 31, 2016: 269,020,914 shares

(b) Number of treasury shares:

As of June 30, 2016: 12,689,211 shares

As of March 31, 2016: 12,688,923 shares

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

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

Three months ended June 30, 2015: 261,338,415 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 consolidated business results forecast announced on May 11, 2016 has been revised for these materials.
- The supplementary explanatory materials for the financial results are published on the company's official website on August 2, 2016.

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 economic outlook both in Japan and overseas due to such factors as the slowdown in emerging countries, the sharp appreciation in the value of the yen, and the vote in the UK to withdraw from the European Union, although the US economy maintained a moderate recovery.

In this situation, consolidated net sales for the first quarter of the fiscal year stood at ¥74.2 billion. By segment, sales stood at ¥63.7 billion in the Consumer segment, ¥8.6 billion in the System Equipment segment, and ¥1.8 billion in the Others segment.

In the timepiece business, sales of the G-SHOCK, OCEANUS, and EDIFICE lines, which are based on the Global Time Sync concept of always keeping time accurately anywhere in the world, remained strong. In addition, in the musical instrument business, authentic high-end pianos performed well.

In income for the first quarter, the Consumer segment posted ¥9.1 billion in operating income. The timepiece business maintained high profitability with an improvement in the product mix. In the calculator business, scientific calculators did well overseas, ensuring profitability. The System Equipment segment recorded a ¥0.9 billion operating loss. The Others segment recorded an operating loss of ¥10 million. As a result, Casio posted ¥7.1 billion in consolidated operating income, allowing for adjustment. Affected by the sharp appreciation in the value of the yen, Casio recorded ¥2.5 billion in ordinary income, and ¥2.4 billion in profit attributable to owners of parent.

(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 ¥346.3 billion, down ¥22.0 billion compared to the end of the previous fiscal year, mainly owing to a decrease in securities. Net assets decreased ¥9.6 billion to ¥192.4 billion, mainly due to a decrease in foreign currency translation adjustment. As a result, the equity ratio improved 0.7 points compared to the end of the previous fiscal year to 55.6%.

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

In view of the impact of the sharp appreciation in the value of the yen and other factors, the consolidated results forecasts for the first half of the fiscal year ending March 31, 2017, which were published on May 11, 2016, have been revised to ¥170.0 billion in net sales, ¥20.0 billion in operating income, ¥16.5 billion in ordinary income, and ¥11.5 billion in profit attributable to owners of parent. There are no changes to the previous full-year consolidated results forecasts for the fiscal year ending March 31, 2017, which were published on May 11, 2016.

Casio will strive to boost its earning capacity and its management and financial structure based on a long-term perspective through a proactive rollout of new products that draw on the company's globally unique technologies, aiming to achieve record-high full-year profit attributable to owners of parent for the third year in a row.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥103 and Euro 1 = ¥114
- 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, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	66,648	67,272
Notes and accounts receivable-trade	47,843	37,393
Securities	55,600	40,000
Finished goods	43,082	44,939
Work in process	6,943	4,756
Raw materials and supplies	7,751	7,145
Other	22,871	31,375
Allowance for doubtful accounts	(501)	(423)
Total current assets	250,237	232,457
Non-current assets		
Property, plant and equipment		
Land	36,091	35,119
Other, net	24,791	23,805
Total property, plant and equipment	60,882	58,924
Intangible assets	6,309	6,363
Investments and other assets		
Investment securities	34,407	32,259
Net defined benefit asset	9,113	9,316
Other	7,577	7,113
Allowance for doubtful accounts	(71)	(65)
Total investments and other assets	51,026	48,623
Total non-current assets	118,217	113,910
Total assets	368,454	346,367

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	34,542	29,744
Short-term loans payable	260	250
Income taxes payable	4,334	1,674
Provision for product warranties	779	781
Other	39,653	35,936
Total current liabilities	79,568	68,385
Non-current liabilities		
Bonds with subscription rights to shares	10,033	10,031
Long-term loans payable	67,000	67,000
Net defined benefit liability	1,338	1,204
Other	8,404	7,300
Total non-current liabilities	86,775	85,535
Total liabilities	166,343	153,920
Net assets		
Shareholders' equity		
Capital stock	48,592	48,592
Capital surplus	65,058	65,059
Retained earnings	100,041	96,679
Treasury shares	(20,291)	(20,292)
Total shareholders' equity	193,400	190,038
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,781	6,307
Foreign currency translation adjustment	(1,844)	(6,622)
Remeasurements of defined benefit plans	2,774	2,724
Total accumulated other comprehensive income	8,711	2,409
Total net assets	202,111	192,447
Total liabilities and net assets	368,454	346,367

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

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	79,455	74,280
Cost of sales	43,163	42,311
Gross profit	36,292	31,969
Selling, general and administrative expenses		
Salaries, allowances and bonuses	9,147	8,556
Other	18,081	16,308
Total selling, general and administrative expenses	27,228	24,864
Operating income	9,064	7,105
Non-operating income		
Interest income	124	97
Foreign exchange gains	353	-
Other	103	62
Total non-operating income	580	159
Non-operating expenses		
Foreign exchange losses	-	4,577
Other	172	155
Total non-operating expenses	172	4,732
Ordinary income	9,472	2,532
Extraordinary income		
Gain on sales of non-current assets	-	398
Other	-	72
Total extraordinary income	-	470
Extraordinary losses		
Loss on retirement of non-current assets	18	14
Impairment loss	262	19
Total extraordinary losses	280	33
Profit before income taxes	9,192	2,969
Income taxes	2,544	564
Profit	6,648	2,405
Profit attributable to owners of parent	6,648	2,405

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	6,648	2,405
Other comprehensive income		
Valuation difference on available-for-sale securities	835	(1,474)
Foreign currency translation adjustment	1,049	(4,778)
Remeasurements of defined benefit plans	(107)	(50)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	1,777	(6,302)
Comprehensive income	8,425	(3,897)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,425	(3,897)
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, 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	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.

II Three months ended June 30, 2016

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	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 income (loss)	9,178	(944)	(18)	8,216	(1,111)	7,105

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