

Consolidated Financial Results for the Six Months Ended September 30, 2016 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

November 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): November 14, 2016

Start of distribution of dividends (scheduled): December 2, 2016

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on November 2, 2016 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, 2016 to September 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	
		%		%		%		%
Six months ended September 30, 2016	156,700	(9.9)	13,480	(37.7)	8,227	(62.2)	6,387	(58.6)
Six months ended September 30, 2015	173,994	8.7	21,633	36.8	21,743	32.7	15,413	48.6

(Note) Comprehensive income: Six months ended September 30, 2016: (1,614) million yen - %
Six months ended September 30, 2015: 11,210 million yen (11.4) %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six months ended September 30, 2016	24.92	24.44
Six months ended September 30, 2015	58.98	57.89

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of September 30, 2016	348,550	194,729	55.9 %
As of March 31, 2016	368,454	202,111	54.9 %

(Reference) Equity: As of September 30, 2016: 194,729 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	-	20.00	-	-	-
Year ending March 31, 2017 (Forecast)	-	-	-	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 from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Fiscal 2017	330,000	(6.3)	30,500	(27.7)	25,500	(37.9)	18,000	(42.3)	70.22

(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 September 30, 2016: 269,020,914 shares

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

(b) Number of treasury shares:

As of September 30, 2016: 12,689,986 shares

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

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

Six months ended September 30, 2016: 256,331,524 shares

Six months ended September 30, 2015: 261,337,344 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 November 2, 2016.

ATTACHED MATERIALS

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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, uncertainty remained over the future outlook both in Japan and overseas due to such factors as the downturn in emerging countries, sharp fluctuations in exchange rates 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 half of the fiscal year amounted to ¥156.7 billion. By segment, sales stood at ¥133.0 billion in the Consumer segment, ¥19.1 billion in the System Equipment segment, and ¥4.4 billion in the Others segment.

In the timepiece business, sales of the GPS hybrid radio-controlled solar-powered G-SHOCK and the EDIFICE model which connects to a smartphone via Bluetooth® remained strong. In the calculator business, scientific calculators optimized for the needs of specific countries overseas performed well.

In income for the first half of the fiscal year, the Consumer segment posted ¥17.0 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 an operating loss of ¥1.4 billion due to the impact of structural reform measures that are being implemented. The Others segment posted operating income of ¥0.1 billion. As a result, Casio posted ¥13.4 billion in consolidated operating income, allowing for adjustment. Affected by the sharp appreciation in the value of the yen, Casio recorded ¥8.2 billion in ordinary income and ¥6.3 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 half of the current fiscal year stood at ¥348.5 billion, down ¥19.9 billion compared to the end of the previous fiscal year, mainly owing to a decrease in notes and accounts receivable-trade. Net assets decreased ¥7.3 billion to ¥194.7 billion, mainly due to a decline in foreign currency translation adjustment. As a result, the equity ratio improved 1.0 point compared to the end of the previous fiscal year to 55.9%.

Net cash provided by operating activities was ¥12.6 billion, net cash used in investing activities was ¥2.4 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 ¥124.3 billion, a decrease of ¥3.6 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

Due to the sharp appreciation in the value of the yen and adjustments to production and sales aimed at promoting the structural reform of the Systems Equipment business, the consolidated full-year results forecasts for the fiscal year ending March 31, 2017 published on May 11, 2016 have been revised as shown below.

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Previous forecast (A) (Released on May 11, 2016)	370.0	48.0	46.0	33.0
Current revised forecast (B)	330.0	30.5	25.5	18.0
Amount of change (B-A)	(40.0)	(17.5)	(20.5)	(15.0)

Due to forecasts of continued appreciation in the value of the yen and the impact from structural reform of the Systems Equipment business, while also considering the financial results for the first half of the current fiscal year, it has become likely that net sales, operating income, ordinary income and profit attributable to owners of parent will all fall short of the initial forecasts.

Casio will record declines in sales and profit for the current fiscal year due to temporary factors. Going forward, however, the company will continue to solidify its strong profitability, driven by the product planning skills and unique technical strengths it has fostered by “creating something from nothing,” thereby paving the way for significant growth in the future.

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 September 30, 2016
Assets		
Current assets		
Cash and deposits	66,648	64,694
Notes and accounts receivable-trade	47,843	41,402
Securities	55,600	60,000
Finished goods	43,082	38,385
Work in process	6,943	4,057
Raw materials and supplies	7,751	7,010
Other	22,871	19,061
Allowance for doubtful accounts	(501)	(461)
Total current assets	250,237	234,148
Non-current assets		
Property, plant and equipment		
Land	36,091	35,111
Other, net	24,791	23,403
Total property, plant and equipment	60,882	58,514
Intangible assets	6,309	6,554
Investments and other assets		
Investment securities	34,407	33,376
Net defined benefit asset	9,113	9,521
Other	7,577	6,502
Allowance for doubtful accounts	(71)	(65)
Total investments and other assets	51,026	49,334
Total non-current assets	118,217	114,402
Total assets	368,454	348,550

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	34,542	28,219
Short-term loans payable	260	158
Income taxes payable	4,334	2,155
Provision for product warranties	779	789
Other	39,653	37,214
Total current liabilities	79,568	68,535
Non-current liabilities		
Bonds with subscription rights to shares	10,033	10,028
Long-term loans payable	67,000	67,000
Net defined benefit liability	1,338	1,092
Other	8,404	7,166
Total non-current liabilities	86,775	85,286
Total liabilities	166,343	153,821
Net assets		
Shareholders' equity		
Capital stock	48,592	48,592
Capital surplus	65,058	65,059
Retained earnings	100,041	100,661
Treasury shares	(20,291)	(20,293)
Total shareholders' equity	193,400	194,019
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,781	7,056
Foreign currency translation adjustment	(1,844)	(9,010)
Remeasurements of defined benefit plans	2,774	2,664
Total accumulated other comprehensive income	8,711	710
Total net assets	202,111	194,729
Total liabilities and net assets	368,454	348,550

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

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	173,994	156,700
Cost of sales	95,376	92,348
Gross profit	78,618	64,352
Selling, general and administrative expenses		
Salaries, allowances and bonuses	17,988	16,795
Other	38,997	34,077
Total selling, general and administrative expenses	56,985	50,872
Operating income	21,633	13,480
Non-operating income		
Interest income	253	207
Dividend income	296	205
Other	41	119
Total non-operating income	590	531
Non-operating expenses		
Foreign exchange losses	56	5,453
Other	424	331
Total non-operating expenses	480	5,784
Ordinary income	21,743	8,227
Extraordinary income		
Gain on sales of non-current assets	3	398
Other	-	73
Total extraordinary income	3	471
Extraordinary losses		
Loss on retirement of non-current assets	24	67
Impairment loss	262	19
Total extraordinary losses	286	86
Profit before income taxes	21,460	8,612
Income taxes	6,047	2,225
Profit	15,413	6,387
Profit attributable to owners of parent	15,413	6,387

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	15,413	6,387
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,182)	(725)
Foreign currency translation adjustment	(814)	(7,166)
Remeasurements of defined benefit plans	(207)	(110)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	(4,203)	(8,001)
Comprehensive income	11,210	(1,614)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,210	(1,614)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	21,460	8,612
Depreciation	4,314	4,518
Impairment loss	262	19
Loss (gain) on sales and retirement of non-current assets	21	(331)
Increase (decrease) in net defined benefit liability	(78)	(133)
Decrease (increase) in net defined benefit asset	(488)	(408)
Interest and dividend income	(549)	(412)
Interest expenses	215	170
Foreign exchange losses (gains)	(348)	1,869
Decrease (increase) in notes and accounts receivable-trade	501	3,958
Decrease (increase) in inventories	(2,149)	4,964
Increase (decrease) in notes and accounts payable-trade	(4,714)	(4,797)
Other, net	(800)	(1,548)
Subtotal	17,647	16,481
Interest and dividend income received	596	472
Interest expenses paid	(212)	(173)
Income taxes paid	(3,077)	(4,126)
Net cash provided by (used in) operating activities	14,954	12,654
Cash flows from investing activities		
Payments into time deposits	(217)	(563)
Proceeds from withdrawal of time deposits	896	561
Purchase of property, plant and equipment	(3,145)	(2,301)
Proceeds from sales of property, plant and equipment	38	1,335
Purchase of intangible assets	(1,726)	(1,837)
Purchase of investment securities	(44)	(19)
Proceeds from sales and redemption of investment securities	8,025	463
Other, net	(60)	(39)
Net cash provided by (used in) investing activities	3,767	(2,400)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(13)	(102)
Purchase of treasury shares	(9)	(2)
Repayments of finance lease obligations	(470)	(462)
Cash dividends paid	(5,880)	(5,767)
Other, net	0	0
Net cash provided by (used in) financing activities	(6,372)	(6,333)
Effect of exchange rate change on cash and cash equivalents	236	(7,614)
Net increase (decrease) in cash and cash equivalents	12,585	(3,693)
Cash and cash equivalents at beginning of period	110,737	128,057
Cash and cash equivalents at end of period	123,322	124,364

(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, 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.

II Six months ended September 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	133,080	19,194	4,426	156,700	-	156,700
(2) Intersegment	1	15	3,446	3,462	(3,462)	-
Total	133,081	19,209	7,872	160,162	(3,462)	156,700
Segment income (loss)	17,089	(1,414)	164	15,839	(2,359)	13,480

Notes: 1. The 2,359 million yen downward adjustment to segment income (loss) includes corporate expenses of 2,359 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.