

Consolidated Financial Results for the Six Months Ended September 30, 2017 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

October 30, 2017

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): November 14, 2017

Start of distribution of dividends (scheduled): December 4, 2017

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on October 30, 2017 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, 2017 to September 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	
		%		%		%		%
Six months ended September 30, 2017	153,528	(2.0)	14,639	8.6	13,654	66.0	9,953	55.8
Six months ended September 30, 2016	156,700	(9.9)	13,480	(37.7)	8,227	(62.2)	6,387	(58.6)

(Note) Comprehensive income: Six months ended September 30, 2017: 11,361 million yen - %
Six months ended September 30, 2016: (1,614) million yen - %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six months ended September 30, 2017	40.41	39.61
Six months ended September 30, 2016	24.92	24.44

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of September 30, 2017	356,509	202,762	56.9 %
As of March 31, 2017	351,452	196,332	55.9 %

(Reference) Equity: As of September 30, 2017: 202,762 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	-	20.00			
Year ending March 31, 2018 (Forecast)			-	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
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 September 30, 2017: 259,020,914 shares

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

(b) Number of treasury shares:

As of September 30, 2017: 12,694,008 shares

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

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

Six months ended September 30, 2017: 246,328,138 shares

Six months ended September 30, 2016: 256,331,524 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 October 30, 2017.

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, the economy in Japan and overseas remained firm backed by improved corporate earnings in Japan and the U.S., a positive hiring environment, and other factors. Europe and emerging countries also maintained a moderate recovery trend.

In this situation, consolidated net sales for the first half of the fiscal year amounted to ¥153.5 billion. By segment, sales were ¥130.6 billion in the Consumer segment, ¥19.0 billion in the System Equipment segment, and ¥3.8 billion in the Others segment.

In the timepiece business, sales of the mid-price range models of G-SHOCK (G-STEEL) and EDIFICE that connect to a smartphone via Bluetooth® remained strong. In the calculator business, scientific calculators for new student enrollment overseas continued to be robust.

In profit for the first half of the fiscal year, the Consumer segment posted ¥16.9 billion in operating profit. The System Equipment segment posted an operating profit of ¥500 million, and the Others segment posted an operating profit of ¥200 million. The timepiece business secured high profitability with strong sales of highly profitable new products. The calculator business secured profitability with robust sales of scientific calculators overseas. The System Equipment segment experienced substantial improvement due to structural reform. Casio recorded ¥13.6 billion in ordinary profit, and ¥9.9 billion in profit attributable to owners of parent, which were both significant improvements.

(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 ¥356.5 billion, up ¥5.0 billion compared to the end of the previous fiscal year. Net assets increased ¥6.4 billion to ¥202.7 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 point compared to the end of the previous fiscal year to 56.9%.

Net cash provided by operating activities was ¥13.4 billion, net cash used in investing activities was ¥4.6 billion, and net cash used in financing activities was ¥5.3 billion. As a result, consolidated cash and cash equivalents at the end of the first half of the fiscal year was ¥122.9 billion, an increase of ¥4.1 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 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 = ¥128
- 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 September 30, 2017
Assets		
Current assets		
Cash and deposits	55,197	63,691
Notes and accounts receivable-trade	47,725	44,716
Securities	43,920	40,500
Finished goods	38,352	41,082
Work in process	5,606	4,767
Raw materials and supplies	8,300	7,899
Other	34,895	35,681
Allowance for doubtful accounts	(548)	(571)
Total current assets	233,447	237,765
Non-current assets		
Property, plant and equipment		
Land	34,090	33,567
Other, net	22,701	24,204
Total property, plant and equipment	56,791	57,771
Intangible assets	6,784	7,023
Investments and other assets		
Investment securities	35,153	35,208
Net defined benefit asset	13,122	13,616
Other	6,222	5,195
Allowance for doubtful accounts	(67)	(69)
Total investments and other assets	54,430	53,950
Total non-current assets	118,005	118,744
Total assets	351,452	356,509

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	31,751	29,061
Short-term loans payable	155	150
Current portion of long-term loans payable	2,000	2,000
Income taxes payable	2,593	3,594
Provision for product warranties	772	779
Provision for business structure improvement	631	594
Other	37,593	39,301
Total current liabilities	75,495	75,479
Non-current liabilities		
Bonds with subscription rights to shares	10,023	10,018
Long-term loans payable	61,000	61,000
Provision for business structure improvement	784	784
Net defined benefit liability	491	399
Other	7,327	6,067
Total non-current liabilities	79,625	78,268
Total liabilities	155,120	153,747
Net assets		
Shareholders' equity		
Capital stock	48,592	48,592
Capital surplus	65,058	65,058
Retained earnings	92,228	97,254
Treasury shares	(19,942)	(19,946)
Total shareholders' equity	185,936	190,958
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,138	9,575
Foreign currency translation adjustment	(3,573)	(2,202)
Remeasurements of defined benefit plans	4,831	4,431
Total accumulated other comprehensive income	10,396	11,804
Total net assets	196,332	202,762
Total liabilities and net assets	351,452	356,509

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

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	156,700	153,528
Cost of sales	92,348	87,033
Gross profit	64,352	66,495
Selling, general and administrative expenses		
Salaries, allowances and bonuses	16,795	17,090
Other	34,077	34,766
Total selling, general and administrative expenses	50,872	51,856
Operating profit	13,480	14,639
Non-operating income		
Interest income	207	214
Dividend income	205	223
Other	119	193
Total non-operating income	531	630
Non-operating expenses		
Foreign exchange losses	5,453	992
Other	331	623
Total non-operating expenses	5,784	1,615
Ordinary profit	8,227	13,654
Extraordinary income		
Gain on sales of non-current assets	398	90
Gain on sales of investment securities	73	417
Total extraordinary income	471	507
Extraordinary losses		
Loss on retirement of non-current assets	67	31
Impairment loss	19	-
Total extraordinary losses	86	31
Profit before income taxes	8,612	14,130
Income taxes	2,225	4,177
Profit	6,387	9,953
Profit attributable to owners of parent	6,387	9,953

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	6,387	9,953
Other comprehensive income		
Valuation difference on available-for-sale securities	(725)	437
Foreign currency translation adjustment	(7,166)	1,371
Remeasurements of defined benefit plans	(110)	(400)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	(8,001)	1,408
Comprehensive income	(1,614)	11,361
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,614)	11,361
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	8,612	14,130
Depreciation	4,518	4,200
Impairment loss	19	-
Loss (gain) on sales and retirement of non-current assets	(331)	(59)
Loss (gain) on sales of investment securities	(73)	(417)
Increase (decrease) in net defined benefit liability	(133)	(105)
Decrease (increase) in net defined benefit asset	(408)	(493)
Interest and dividend income	(412)	(437)
Interest expenses	170	144
Foreign exchange losses (gains)	1,869	(207)
Decrease (increase) in notes and accounts receivable-trade	3,958	3,701
Decrease (increase) in inventories	4,964	(842)
Increase (decrease) in notes and accounts payable-trade	(4,797)	(2,638)
Other, net	(1,475)	(2,470)
Subtotal	16,481	14,507
Interest and dividend income received	472	521
Interest expenses paid	(173)	(147)
Income taxes paid	(4,126)	(1,425)
Net cash provided by (used in) operating activities	12,654	13,456
Cash flows from investing activities		
Payments into time deposits	(563)	(1,088)
Proceeds from withdrawal of time deposits	561	212
Purchase of property, plant and equipment	(2,301)	(3,918)
Proceeds from sales of property, plant and equipment	1,335	623
Purchase of intangible assets	(1,837)	(1,970)
Purchase of investment securities	(19)	(7)
Proceeds from sales and redemption of investment securities	463	1,403
Other, net	(39)	108
Net cash provided by (used in) investing activities	(2,400)	(4,637)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(102)	(5)
Purchase of treasury shares	(2)	(4)
Repayments of finance lease obligations	(462)	(436)
Cash dividends paid	(5,767)	(4,927)
Other, net	0	0
Net cash provided by (used in) financing activities	(6,333)	(5,372)
Effect of exchange rate change on cash and cash equivalents	(7,614)	737
Net increase (decrease) in cash and cash equivalents	(3,693)	4,184
Cash and cash equivalents at beginning of period	128,057	118,755
Cash and cash equivalents at end of period	124,364	122,939

(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, 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	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 profit (loss)	17,089	(1,414)	164	15,839	(2,359)	13,480

Notes: 1. The 2,359 million yen downward adjustment to segment profit (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 profit (loss) is reconciled with operating profit in the consolidated statement of income.

II Six months ended September 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	130,612	19,061	3,855	153,528	-	153,528
(2) Intersegment	-	8	3,880	3,888	(3,888)	-
Total	130,612	19,069	7,735	157,416	(3,888)	153,528
Segment profit (loss)	16,915	516	290	17,721	(3,082)	14,639

Notes: 1. The 3,082 million yen downward adjustment to segment profit (loss) includes corporate expenses of 3,082 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.