

# Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

February 1, 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): February 14, 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 February 1, 2017 at 15:00 (GMT+9).

(Monetary amounts are rounded to the nearest million yen.)

## 1. Consolidated Financial Results for the Nine Months (From April 1, 2016 to December 31, 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	
		%		%		%		%
Nine months ended December 31, 2016	232,581	(11.2)	20,375	(39.1)	14,707	(55.9)	10,634	(57.1)
Nine months ended December 31, 2015	261,817	6.8	33,472	28.6	33,335	22.1	24,811	40.5

(Note) Comprehensive income: Nine months ended December 31, 2016: 9,462 million yen (55.8)%

Nine months ended December 31, 2015: 21,416 million yen (17.5)%

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Nine months ended December 31, 2016	41.64	40.85
Nine months ended December 31, 2015	94.94	93.19

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of December 31, 2016	343,734	192,283	55.9%
As of March 31, 2016	368,454	202,111	54.9%

(Reference) Equity: As of December 31, 2016: 192,283 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)	71.06

(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 December 31, 2016: 259,020,914 shares

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

(b) Number of treasury shares:

As of December 31, 2016: 8,636,123 shares

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

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

Nine months ended December 31, 2016: 255,362,179 shares

Nine months ended December 31, 2015: 261,336,488 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 supplementary explanatory materials for the financial results are published on the company's official website on February 1, 2017.

## ATTACHED MATERIALS

1. Qualitative Information for the First Three Quarters of the Current Fiscal Year	
(1) Discussion of Operating Results .....	4
(2) Discussion of Financial Position .....	4
(3) Discussion of Forward-looking Statements, including Consolidated Results Forecasts .....	4
2. Consolidated Financial Statements	
(1) Consolidated Balance Sheets .....	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	7
Consolidated Statements of Income .....	7
Consolidated Statements of Comprehensive Income .....	8
(3) Notes to Consolidated Financial Statements .....	9
Notes on Premise of Going Concern .....	9
Notes on Significant Changes in Shareholders' Equity .....	9
Segment Information .....	9

## **1. Qualitative Information for the First Three Quarters of the Current Fiscal Year**

### **(1) Discussion of Operating Results**

During the third quarter of the current fiscal year, uncertainty remained over the future outlook both in Japan and overseas due to the increasing concerns about a downturn as a result of slowing growth in China and emerging countries, although the US economy remained firm, due in part to the sense of anticipation surrounding the incoming administration.

In this situation, consolidated net sales for the first three quarters of the fiscal year amounted to ¥232.5 billion. By segment, sales stood at ¥198.2 billion in the Consumer segment, ¥27.8 billion in the System Equipment segment and ¥6.5 billion in the Others segment.

The timepiece business performed well driven by an enhanced lineup of high-end models of the leading Casio watch brand, G-SHOCK, and a variety of global promotions. In addition, the EDIFICE model which connects to a smartphone via Bluetooth® turned in strong results. In the calculator business, scientific calculators performed well due to the strengthening of sales at schools.

In income for the first three quarters of the fiscal year, the Consumer segment posted ¥25.7 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, securing high profitability. The System Equipment segment recorded an operating loss of ¥2.2 billion due to the impact of structural reform. The Others segment posted operating income of ¥0.3 billion. As a result, Casio posted ¥20.3 billion in consolidated operating income, allowing for adjustment. Casio recorded ¥14.7 billion in ordinary income, and ¥10.6 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 three quarters of the current fiscal year stood at ¥343.7 billion, down ¥24.7 billion compared to the end of the previous fiscal year, mainly owing to a decrease in cash and deposits. Net assets decreased ¥9.8 billion to ¥192.2 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%.

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 2017, which were published on November 2, 2016.

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

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	66,648	53,528
Notes and accounts receivable-trade	47,843	40,774
Securities	55,600	50,000
Finished goods	43,082	42,071
Work in process	6,943	4,762
Raw materials and supplies	7,751	8,037
Other	22,871	28,047
Allowance for doubtful accounts	(501)	(494)
<b>Total current assets</b>	<b>250,237</b>	<b>226,725</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Land	36,091	35,092
Other, net	24,791	23,311
Total property, plant and equipment	60,882	58,403
Intangible assets	6,309	6,852
Investments and other assets		
Investment securities	34,407	37,162
Net defined benefit asset	9,113	9,723
Other	7,577	4,939
Allowance for doubtful accounts	(71)	(70)
Total investments and other assets	51,026	51,754
<b>Total non-current assets</b>	<b>118,217</b>	<b>117,009</b>
<b>Total assets</b>	<b>368,454</b>	<b>343,734</b>

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	34,542	29,407
Short-term loans payable	260	136
Income taxes payable	4,334	2,074
Provision for product warranties	779	791
Other	39,653	37,734
<b>Total current liabilities</b>	79,568	70,142
<b>Non-current liabilities</b>		
Bonds with subscription rights to shares	10,033	10,026
Long-term loans payable	67,000	63,000
Net defined benefit liability	1,338	1,237
Other	8,404	7,046
<b>Total non-current liabilities</b>	86,775	81,309
<b>Total liabilities</b>	166,343	151,451
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	48,592	48,592
Capital surplus	65,058	65,058
Retained earnings	100,041	84,453
Treasury shares	(20,291)	(13,359)
<b>Total shareholders' equity</b>	193,400	184,744
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	7,781	9,576
Foreign currency translation adjustment	(1,844)	(4,590)
Remeasurements of defined benefit plans	2,774	2,553
<b>Total accumulated other comprehensive income</b>	8,711	7,539
<b>Total net assets</b>	202,111	192,283
<b>Total liabilities and net assets</b>	368,454	343,734

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

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
<b>Net sales</b>	261,817	232,581
Cost of sales	145,071	136,673
<b>Gross profit</b>	116,746	95,908
Selling, general and administrative expenses		
Salaries, allowances and bonuses	27,193	25,213
Other	56,081	50,320
Total selling, general and administrative expenses	83,274	75,533
<b>Operating income</b>	33,472	20,375
Non-operating income		
Interest income	392	299
Dividend income	312	224
Other	167	161
Total non-operating income	871	684
Non-operating expenses		
Foreign exchange losses	383	5,765
Other	625	587
Total non-operating expenses	1,008	6,352
<b>Ordinary income</b>	33,335	14,707
Extraordinary income		
Gain on sales of non-current assets	4	762
Other	1,120	73
Total extraordinary income	1,124	835
Extraordinary losses		
Business structure improvement expenses	-	792
Other	377	109
Total extraordinary losses	377	901
<b>Profit before income taxes</b>	34,082	14,641
Income taxes	9,271	4,007
<b>Profit</b>	24,811	10,634
<b>Profit attributable to owners of parent</b>	24,811	10,634

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
<b>Profit</b>	24,811	10,634
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,389)	1,795
Foreign currency translation adjustment	(1,690)	(2,746)
Remeasurements of defined benefit plans	(316)	(221)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(3,395)	(1,172)
<b>Comprehensive income</b>	21,416	9,462
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,416	9,462
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

##### (a) Acquisition of treasury shares

The Company conducted an acquisition of treasury shares based on a resolution of the meeting of the board of directors held on November 2, 2016. As a result, there was an increase of 8,394 million yen in treasury shares during the nine months ended December 31, 2016.

##### (b) Retirement of treasury shares

The Company retired treasury shares on November 30, 2016 based on a resolution of the meeting of the board of directors held on November 2, 2016. As a result, capital surplus declined by 0 million yen, retained earnings declined by 15,329 million yen, and treasury shares declined by 15,329 million yen during the nine months ended December 31, 2016.

#### Segment Information

##### I Nine months ended December 31, 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	225,790	29,583	6,444	261,817	-	261,817
(2) Intersegment	2	36	6,864	6,902	(6,902)	-
Total	225,792	29,619	13,308	268,719	(6,902)	261,817
Segment income (loss)	38,899	(2,135)	(138)	36,626	(3,154)	33,472

Notes: 1. The 3,154 million yen downward adjustment to segment income (loss) includes corporate expenses of 3,154 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 Nine months ended December 31, 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	198,232	27,829	6,520	232,581	-	232,581
(2) Intersegment	1	24	5,037	5,062	(5,062)	-
Total	198,233	27,853	11,557	237,643	(5,062)	232,581
Segment income (loss)	25,730	(2,238)	307	23,799	(3,424)	20,375

Notes: 1. The 3,424 million yen downward adjustment to segment income (loss) includes corporate expenses of 3,424 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.