

# Consolidated Financial Results for the Six Months Ended September 30, 2018 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

November 6, 2018

Company Name: **CASIO COMPUTER CO., LTD.**

(URL <https://casio.jp/>)

Stock Exchange Listings: Tokyo

Code Number: 6952

President and CEO, Chairman of the Board: Kazuhiro Kashio

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Filing of Securities Report (*Shihanki Hokokusho*) (scheduled): November 14, 2018

Start of distribution of dividends (scheduled): December 4, 2018

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on November 6, 2018 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, 2018 to September 30, 2018)

(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, 2018	145,116	(5.5)	14,784	1.0	14,383	5.3	11,112	11.6
Six months ended September 30, 2017	153,528	(2.0)	14,639	8.6	13,654	66.0	9,953	55.8

(Note) Comprehensive income: Six months ended September 30, 2018: 13,848 million yen 21.9 %  
Six months ended September 30, 2017: 11,361 million yen - %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six months ended September 30, 2018	45.11	44.23
Six months ended September 30, 2017	40.41	39.61

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of September 30, 2018	358,273	213,146	59.5 %
As of March 31, 2018	364,203	206,691	56.8

(Reference) Equity: As of September 30, 2018: 213,146 million yen  
As of March 31, 2018: 206,691 million yen

(Note) Since the beginning of the first quarter of the current consolidated fiscal year, the company has adopted the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, published February 16, 2018) and its related guidance. The statement and guidance are retrospectively applied to the amount as of March 31, 2018.

## 2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2018	-	20.00	-	30.00	50.00
Year ending March 31, 2019	-	20.00			
Year ending March 31, 2019 (Forecast)			-	-	-

(Note) Revision of most recent dividends forecast: No

(Note) Details of year-end dividends for the year ended March 31, 2018

Ordinary dividend: 20.00 yen Commemorative dividend: 10.00 yen

The dividends forecast for the fiscal year ending March 31, 2019 has yet to be determined.

## 3. Consolidated Results Forecasts for Fiscal 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Fiscal 2019	320,000	1.7	35,000	18.4	33,000	14.9	23,000	17.6	93.37

(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: 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, 2018: 259,020,914 shares

As of March 31, 2018: 259,020,914 shares

(b) Number of treasury shares:

As of September 30, 2018: 12,697,855 shares

As of March 31, 2018: 12,696,260 shares

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

Six months ended September 30, 2018: 246,323,960 shares

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

This report of consolidated financial results is outside the scope of quarterly review of certified public accountants and audit corporations.

### Proper Use of Business Results Forecasts and Other Notes

(Caution Concerning Forward-looking Statements)

- 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. The consolidated business results forecast announced on May 9, 2018 has been revised for these materials. 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 November 6, 2018.

## 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 improvements in the hiring environment and firm personal consumption in Japan and the U.S. and the moderate recovery trend maintained in Europe. On the other hand, uncertainty in the global economy increased, with mounting concerns about trade friction between the U.S. and China and currency depreciation in emerging countries.

In this situation, consolidated net sales for the first half of the fiscal year amounted to ¥145.1 billion, down 5.5% year-on-year, due in part to the impact of currency depreciation in emerging countries. By segment, sales were ¥123.6 billion in the Consumer segment, ¥17.8 billion in the System Equipment segment, and ¥3.6 billion in the Others segment.

In the timepiece business, new products such as the GMW-B5000, the first full metal model in the original G-SHOCK 5000 series, have performed well since the first quarter, mainly in Japan. The favorable performance of G-SHOCK continued in China, too. In the calculator business, scientific calculators for students overseas continued to be robust, and the business also strengthened its relationship with Indonesia, where future expansion can be anticipated.

In profit for the first half, Casio posted ¥14.7 billion in consolidated operating profit, up 1.0% year-on-year, allowing for a ¥3.7 billion loss in adjustment. In operating profit, the Consumer segment posted ¥18.2 billion, the Systems Equipment segment recorded ¥60 million, and the Others segment recorded ¥200 million.

In the timepiece business, high profitability was maintained with continued strong sales of highly profitable new products. In the calculator business, profitability was maintained with robust sales of scientific calculators overseas. The electronic musical instrument business improved its losses due to the effects of structural reform. In the System Equipment segment, the projector business, which is undergoing structural reform, recorded a loss, but the segment as a whole secured a profit due to contributions from other products.

Casio posted ¥14.3 billion in ordinary profit, up 5.3% year-on-year, and ¥11.1 billion in profit attributable to owners of parent, up 11.6% year-on-year. Earnings per share (EPS) improved to ¥45.11.

### (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 ¥358.2 billion, down ¥5.9 billion compared to the end of the previous fiscal year, mainly owing to a decrease in notes and accounts receivable-trade. Net assets increased ¥6.4 billion to ¥213.1 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 2.7 points compared to the end of the previous fiscal year to 59.5%.

Net cash provided by operating activities was ¥2.6 billion, net cash used in investing activities was ¥5.9 billion, and net cash used in financing activities was ¥7.7 billion. As a result, consolidated cash and cash equivalents at the end of the first half of the fiscal year was ¥124.5 billion, a decrease of ¥10.0 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

Casio has revised its forecast for net sales from the ¥340.0 billion full-year consolidated financial results forecast published on May 9, 2018 for the fiscal year ending March 31, 2019, to ¥320.0 billion. The main reasons for the revision are the temporary decline in sales expected to accompany the restructuring of the dealer network, the impact of currency depreciation in emerging countries, and a review of new businesses.

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 = ¥112 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, 2018	As of September 30, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	66,441	61,573
Notes and accounts receivable-trade	45,171	42,055
Securities	48,500	50,000
Finished goods	36,450	39,963
Work in process	5,582	5,296
Raw materials and supplies	7,649	9,078
Other	28,202	21,775
Allowance for doubtful accounts	(488)	(529)
<b>Total current assets</b>	237,507	229,211
<b>Non-current assets</b>		
Property, plant and equipment		
Land	33,543	33,573
Other, net	24,489	24,629
Total property, plant and equipment	58,032	58,202
Intangible assets	7,036	8,025
Investments and other assets		
Investment securities	37,029	39,486
Net defined benefit asset	13,000	13,486
Other	11,668	9,931
Allowance for doubtful accounts	(69)	(68)
Total investments and other assets	61,628	62,835
<b>Total non-current assets</b>	126,696	129,062
<b>Total assets</b>	364,203	358,273

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	30,752	24,225
Short-term loans payable	205	200
Current portion of long-term loans payable	16,500	16,500
Current portion of bonds with share acquisition rights	-	10,008
Income taxes payable	3,810	3,236
Provision for product warranties	794	790
Provision for business structure improvement	1,356	974
Other	40,320	38,423
<b>Total current liabilities</b>	93,737	94,356
<b>Non-current liabilities</b>		
Bonds with share acquisition rights	10,013	-
Long-term loans payable	46,500	46,500
Provision for business structure improvement	1,239	1,239
Net defined benefit liability	322	355
Other	5,701	2,677
<b>Total non-current liabilities</b>	63,775	50,771
<b>Total liabilities</b>	157,512	145,127
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	48,592	48,592
Capital surplus	65,058	65,058
Retained earnings	101,938	105,661
Treasury shares	(19,949)	(19,953)
<b>Total shareholders' equity</b>	195,639	199,358
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	10,885	12,690
Foreign currency translation adjustment	(3,326)	(2,530)
Remeasurements of defined benefit plans	3,493	3,628
<b>Total accumulated other comprehensive income</b>	11,052	13,788
<b>Total net assets</b>	206,691	213,146
<b>Total liabilities and net assets</b>	364,203	358,273

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

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
<b>Net sales</b>	153,528	145,116
Cost of sales	87,033	80,239
<b>Gross profit</b>	66,495	64,877
Selling, general and administrative expenses		
Salaries, allowances and bonuses	17,090	16,892
Other	34,766	33,201
Total selling, general and administrative expenses	51,856	50,093
<b>Operating profit</b>	14,639	14,784
Non-operating income		
Interest income	214	296
Dividend income	223	266
Other	193	102
Total non-operating income	630	664
Non-operating expenses		
Foreign exchange losses	992	723
Other	623	342
Total non-operating expenses	1,615	1,065
<b>Ordinary profit</b>	13,654	14,383
Extraordinary income		
Gain on sales of non-current assets	90	4
Gain on sales of investment securities	417	271
Total extraordinary income	507	275
Extraordinary losses		
Loss on retirement of non-current assets	31	42
Total extraordinary losses	31	42
<b>Profit before income taxes</b>	14,130	14,616
Income taxes	4,177	3,504
<b>Profit</b>	9,953	11,112
<b>Profit attributable to owners of parent</b>	9,953	11,112

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
<b>Profit</b>	9,953	11,112
Other comprehensive income		
Valuation difference on available-for-sale securities	437	1,805
Foreign currency translation adjustment	1,371	796
Remeasurements of defined benefit plans	(400)	135
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	1,408	2,736
<b>Comprehensive income</b>	11,361	13,848
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,361	13,848
Comprehensive income attributable to non-controlling interests	-	-



**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	14,130	14,616
Depreciation	4,200	4,312
Loss (gain) on sales and retirement of non-current assets	(59)	38
Loss (gain) on sales of investment securities	(417)	(271)
Increase (decrease) in net defined benefit liability	(105)	30
Decrease (increase) in net defined benefit asset	(493)	(486)
Interest and dividend income	(437)	(562)
Interest expenses	144	136
Foreign exchange losses (gains)	(207)	(695)
Decrease (increase) in notes and accounts receivable-trade	3,701	3,814
Decrease (increase) in inventories	(842)	(4,631)
Increase (decrease) in notes and accounts payable-trade	(2,638)	(6,809)
Other, net	(2,470)	(4,076)
Subtotal	14,507	5,416
Interest and dividend income received	521	616
Interest expenses paid	(147)	(137)
Income taxes paid	(1,425)	(3,226)
Net cash provided by (used in) operating activities	13,456	2,669
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,088)	(1,342)
Proceeds from withdrawal of time deposits	212	1,699
Purchase of property, plant and equipment	(3,918)	(3,986)
Proceeds from sales of property, plant and equipment	623	5
Purchase of intangible assets	(1,970)	(2,597)
Purchase of investment securities	(7)	(8)
Proceeds from sales and redemption of investment securities	1,403	396
Other, net	108	(121)
Net cash provided by (used in) investing activities	(4,637)	(5,954)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(5)	(5)
Purchase of treasury shares	(4)	(3)
Repayments of finance lease obligations	(436)	(323)
Cash dividends paid	(4,927)	(7,390)
Other, net	0	-
Net cash provided by (used in) financing activities	(5,372)	(7,721)
<b>Effect of exchange rate change on cash and cash equivalents</b>	737	954
<b>Net increase (decrease) in cash and cash equivalents</b>	4,184	(10,052)
<b>Cash and cash equivalents at beginning of period</b>	118,755	134,554
<b>Cash and cash equivalents at end of period</b>	122,939	124,502

#### (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, 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	16,915	516	290	17,721	(3,082)	14,639

Notes: 1. The 3,082 million yen downward adjustment to segment profit 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 is reconciled with operating profit in the consolidated statement of income.

###### II Six months ended September 30, 2018

###### 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	123,653	17,828	3,635	145,116	-	145,116
(2) Intersegment	4	73	3,299	3,376	(3,376)	-
Total	123,657	17,901	6,934	148,492	(3,376)	145,116
Segment profit	18,292	60	206	18,558	(3,774)	14,784

Notes: 1. The 3,774 million yen downward adjustment to segment profit includes corporate expenses of 3,774 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 is reconciled with operating profit in the consolidated statement of income.