

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

October 30, 2015

Company name: CREO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9698 URL: <http://www.creo.co.jp>
 Representative: President and Representative Director Yuji Anan
 Inquiries: Executive Officer, Financial Director Takashi Ameda TEL 03-5769-3640
 Scheduled date to file Quarterly Securities Report: November 13, 2015
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts, institutional investors and general investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	4,739	(12.6)	87	(4.4)	103	8.1	251	677.5
Six months ended September 30, 2014	5,425	1.8	91	(41.1)	95	(39.6)	32	(63.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2015	29.01	–
Six months ended September 30, 2014	3.73	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	6,650	4,998	74.6
As of March 31, 2015	7,159	4,799	66.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	–	0.00	–	5.00	5.00
Year ending March 31, 2016	–	0.00			
Year ending March 31, 2016 (Forecast)			–	5.00	5.00

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	10,000	(12.5)	300	(21.3)	350	64.0

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2015
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2015	9,237,319 shares	As of March 31, 2015	9,237,319 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	582,908 shares	As of March 31, 2015	581,646 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2015	8,655,252 shares	Six months ended September 30, 2014	8,657,415 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	3,553	3,704
Notes and accounts receivable - trade	2,149	1,565
Merchandise and finished goods	24	19
Work in process	204	268
Other	186	190
Total current assets	6,118	5,747
Non-current assets		
Property, plant and equipment	202	173
Intangible assets		
Other	488	416
Total intangible assets	488	416
Investments and other assets	350	312
Total non-current assets	1,041	902
Total assets	7,159	6,650
Liabilities		
Current liabilities		
Accounts payable - trade	433	340
Income taxes payable	43	39
Provision for bonuses	461	403
Provision for sales returns	79	-
Other	1,220	762
Total current liabilities	2,237	1,544
Non-current liabilities		
Directors' retirement benefits payable	26	26
Asset retirement obligations	53	49
Other	42	31
Total non-current liabilities	122	106
Total liabilities	2,360	1,651
Net assets		
Shareholders' equity		
Capital stock	3,149	3,149
Capital surplus	743	743
Retained earnings	1,013	1,221
Treasury shares	(178)	(179)
Total shareholders' equity	4,728	4,935
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32	23
Total accumulated other comprehensive income	32	23
Non-controlling interests	39	39
Total net assets	4,799	4,998
Total liabilities and net assets	7,159	6,650

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	5,425	4,739
Cost of sales	4,233	3,837
Gross profit	1,191	901
Selling, general and administrative expenses	1,100	814
Operating income	91	87
Non-operating income		
Interest income	0	0
Dividend income	1	1
Insurance income	2	–
Subsidy income	–	11
Other	1	2
Total non-operating income	4	16
Non-operating expenses		
Interest expenses	0	0
Other	0	0
Total non-operating expenses	0	0
Ordinary income	95	103
Extraordinary income		
Gain on sales of shares of subsidiaries	–	204
Other	–	0
Total extraordinary income	–	204
Extraordinary losses		
Settlement package	10	–
Other	0	0
Total extraordinary losses	10	0
Income before income taxes and minority interests	85	307
Income taxes - current	49	53
Income taxes - deferred	1	1
Total income taxes	51	54
Profit	33	253
Profit attributable to non-controlling interests	1	2
Profit attributable to owners of parent	32	251

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	33	253
Other comprehensive income		
Valuation difference on available-for-sale securities	2	(8)
Total other comprehensive income	2	(8)
Comprehensive income	35	244
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	34	242
Comprehensive income attributable to non-controlling interests	1	2

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	85	307
Depreciation	249	103
Amortization of goodwill	1	–
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses	23	(23)
Increase (decrease) in provision for sales returns	99	–
Interest and dividend income	(1)	(1)
Interest expenses	0	0
Loss on retirement of property, plant and equipment	0	0
Settlement package	10	–
Loss (gain) on sales of shares of subsidiaries	–	(204)
Decrease (increase) in notes and accounts receivable - trade	(185)	498
Decrease (increase) in inventories	(180)	(77)
Increase (decrease) in notes and accounts payable - trade	46	(56)
Increase (decrease) in accounts payable - other	(108)	(49)
Other, net	150	(44)
Subtotal	190	452
Interest and dividend income received	1	1
Interest expenses paid	(0)	(0)
Income taxes paid	(83)	(52)
Net cash provided by (used in) operating activities	108	401
Cash flows from investing activities		
Purchase of property, plant and equipment	(18)	(11)
Purchase of intangible assets	(170)	(160)
Purchase of investment securities	(0)	–
Payments for guarantee deposits	(73)	(0)
Proceeds from collection of guarantee deposits	20	0
Payments of loans receivable	–	(30)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(3)
Other, net	(0)	(0)
Net cash provided by (used in) investing activities	(242)	(204)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(42)	(43)
Dividends paid to non-controlling interests	(0)	(1)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(44)	(45)
Net increase (decrease) in cash and cash equivalents	(178)	150
Cash and cash equivalents at beginning of period	3,148	3,553
Cash and cash equivalents at end of period	2,970	3,704