

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2017  
(Based on Japanese GAAP)**

May 12, 2017

Company name: CREO CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 9698 URL <http://www.creo.co.jp>  
 Representative: President and Representative Director Junichi Kakizaki  
 Inquiries: Managing Director, Financial Director Takashi Ameda TEL 03-5783-3560  
 Scheduled date of ordinary general meeting of shareholders: June 21, 2017  
 Scheduled date to file Securities Report: June 28, 2017  
 Scheduled date to commence dividend payments: June 22, 2017  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (May 15, 2017)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	11,559	12.2	296	(14.8)	333	(9.5)	267	(35.4)
Year ended March 31, 2016	10,305	(9.8)	348	(2.6)	368	(3.3)	413	93.8

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	31.11	–	5.2	4.7	2.6
Year ended March 31, 2016	47.79	–	8.4	5.2	3.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	7,255	5,160	70.7	611.12
As of March 31, 2016	7,091	5,165	72.2	591.66

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	502	(529)	(243)	3,328
Year ended March 31, 2016	499	(341)	(112)	3,599

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	0.00	–	15.00	15.00	129	31.4	2.6
Year ended March 31, 2017	–	–	–	13.00	13.00	109	41.8	2.1
Year ending March 31, 2018 (Forecast)	–	–	–	14.00	14.00		42.0	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2017	5,660	5.2	10	–	20	–	(20)	(98.3)
Full year	12,500	8.1	400	34.8	410	22.9	280	3.9

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) 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: Yes

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2017	8,650,369 shares	As of March 31, 2016	9,237,319 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	257,720 shares	As of March 31, 2016	586,055 shares
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Average number of shares during the period

Year ended March 31, 2017	8,590,397 shares	Year ended March 31, 2016	8,654,483 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	3,599	3,328
Notes and accounts receivable - trade	2,176	2,234
Merchandise and finished goods	19	2
Work in process	167	145
Other	193	278
Total current assets	6,155	5,990
Non-current assets		
Property, plant and equipment		
Buildings and structures	233	303
Accumulated depreciation and impairment loss	(102)	(70)
Buildings and structures, net	130	233
Tools, furniture and fixtures	167	180
Accumulated depreciation and impairment loss	(123)	(113)
Tools, furniture and fixtures, net	43	66
Leased assets	14	46
Accumulated depreciation	(1)	(12)
Leased assets, net	12	34
Land	0	18
Total property, plant and equipment	186	352
Intangible assets		
Goodwill	26	132
Patent right	2	1
Software	392	428
Software in progress	11	36
Other	2	2
Total intangible assets	435	600
Investments and other assets		
Investment securities	99	9
Other	213	326
Allowance for doubtful accounts	(0)	(23)
Total investments and other assets	313	312
Total non-current assets	935	1,265
Total assets	7,091	7,255

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	462	531
Accounts payable - other	284	291
Income taxes payable	80	65
Provision for bonuses	429	395
Provision for directors' bonuses	2	4
Other	525	653
Total current liabilities	1,784	1,941
Non-current liabilities		
Accrued directors' retirement benefits	26	26
Net defined benefit liability	32	–
Asset retirement obligations	50	59
Other	31	68
Total non-current liabilities	141	154
Total liabilities	1,925	2,095
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,149	3,149
Capital surplus	743	562
Retained earnings	1,384	1,521
Treasury shares	(180)	(106)
Total shareholders' equity	5,096	5,127
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21	1
Total accumulated other comprehensive income	21	1
Non-controlling interests	47	31
Total net assets	5,165	5,160
Total liabilities and net assets	7,091	7,255

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	10,305	11,559
Cost of sales	8,267	9,272
Gross profit	2,038	2,287
Selling, general and administrative expenses		
Promotion expenses	8	5
Advertising expenses	57	59
Salaries, allowances and bonuses	615	674
Retirement benefit expenses	19	22
Provision for bonuses	66	55
Directors' compensations	189	241
Other	732	931
Total selling, general and administrative expenses	1,690	1,990
Operating profit	348	296
Non-operating income		
Interest income	1	1
Dividend income	2	3
Insurance fee	–	2
Subsidy income	15	20
Other	4	12
Total non-operating income	23	39
Non-operating expenses		
Interest expenses	0	0
Other	3	2
Total non-operating expenses	3	3
Ordinary profit	368	333
Extraordinary income		
Gain on abolishment of retirement benefit plan	–	28
Gain on sales of investment securities	1	36
Gain on sales of shares of subsidiaries	204	–
Total extraordinary income	205	65
Extraordinary losses		
Loss on retirement of non-current assets	0	0
appraisal loss software	31	–
Office transfer expenses	–	25
Other	0	1
Total extraordinary losses	31	27
Profit before income taxes	542	371
Income taxes - current	122	92
Income taxes - deferred	2	5
Total income taxes	125	97
Profit	417	273
Profit attributable to non-controlling interests	3	6
Profit attributable to owners of parent	413	267

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	417	273
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	(20)
Total other comprehensive income	(10)	(20)
Comprehensive income	406	253
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	403	246
Comprehensive income attributable to non-controlling interests	3	6

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,149	743	1,013	(178)	4,728
Changes of items during period					
Dividends of surplus			(43)		(43)
Profit attributable to owners of parent			413		413
Purchase of treasury shares				(1)	(1)
Retirement of treasury shares					–
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	370	(1)	368
Balance at end of current period	3,149	743	1,384	(180)	5,096

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	32	32	39	4,799
Changes of items during period				
Dividends of surplus				(43)
Profit attributable to owners of parent				413
Purchase of treasury shares				(1)
Retirement of treasury shares				–
Change in ownership interest of parent due to transactions with non-controlling interests				–
Net changes of items other than shareholders' equity	(10)	(10)	8	(2)
Total changes of items during period	(10)	(10)	8	366
Balance at end of current period	21	21	47	5,165

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,149	743	1,384	(180)	5,096
Changes of items during period					
Dividends of surplus			(129)		(129)
Profit attributable to owners of parent			267		267
Purchase of treasury shares				(108)	(108)
Retirement of treasury shares		(182)		182	–
Change in ownership interest of parent due to transactions with non-controlling interests		1			1
Net changes of items other than shareholders' equity					
Total changes of items during period		(181)	137	74	30
Balance at end of current period	3,149	562	1,521	(106)	5,127

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	21	21	47	5,165
Changes of items during period				
Dividends of surplus				(129)
Profit attributable to owners of parent				267
Purchase of treasury shares				(108)
Retirement of treasury shares				–
Change in ownership interest of parent due to transactions with non-controlling interests				1
Net changes of items other than shareholders' equity	(20)	(20)	(15)	(36)
Total changes of items during period	(20)	(20)	(15)	(5)
Balance at end of current period	1	1	31	5,160



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	542	371
Depreciation	242	274
Amortization of goodwill	2	38
Increase (decrease) in allowance for doubtful accounts	(1)	(5)
Increase (decrease) in provision for bonuses	2	(33)
Increase (decrease) in provision for directors' bonuses	2	2
Increase (decrease) in provision for retirement benefits	3	(96)
Interest and dividend income	(4)	(4)
Interest expenses	0	0
Loss on retirement of property, plant and equipment	0	0
Loss (gain) on sales and valuation of investment securities	(1)	(36)
Loss (gain) on sales of shares of subsidiaries	(204)	–
appraisal loss software	31	–
Decrease (increase) in notes and accounts receivable - trade	(37)	56
Decrease (increase) in inventories	25	41
Increase (decrease) in notes and accounts payable - trade	65	53
Increase (decrease) in accounts payable - other	(8)	(85)
Increase (decrease) in accrued consumption taxes	(102)	44
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	0	–
Other, net	23	(56)
Subtotal	581	564
Interest and dividend income received	4	4
Interest expenses paid	(0)	(0)
Income taxes paid	(85)	(66)
Net cash provided by (used in) operating activities	499	502
Cash flows from investing activities		
Purchase of property, plant and equipment	(14)	(189)
Proceeds from sales of property, plant and equipment	1	–
Purchase of intangible assets	(303)	(295)
Proceeds from sales of intangible assets	0	–
Purchase of investment securities	(0)	–
Proceeds from sales of investment securities	5	97
Payments for guarantee deposits	(1)	(136)
Proceeds from collection of guarantee deposits	0	61
Purchase of shares of subsidiaries	–	(19)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(53)	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(3)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	38
Payments of short-term loans receivable	(30)	(50)
Collection of short-term loans receivable	56	0
Proceeds from maturity of insurance funds	–	5
Payments for asset retirement obligations	–	(43)
Other, net	0	0
Net cash provided by (used in) investing activities	(341)	(529)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Decrease in short-term loans payable	(29)	–
Repayments of long-term loans payable	(35)	–
Cash dividends paid	(43)	(129)
Purchase of treasury shares	(1)	(108)
Dividends paid to non-controlling interests	(0)	(1)
Repayments of lease obligations	(0)	(3)
Net cash provided by (used in) financing activities	(112)	(243)
Net increase (decrease) in cash and cash equivalents	45	(270)
Cash and cash equivalents at beginning of period	3,553	3,599
Cash and cash equivalents at end of period	3,599	3,328