

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

October 31, 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 to file Quarterly Securities Report: November 13, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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, 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

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 ended September 30, 2017	5,582	3.8	29	(35.6)	58	(20.8)	20	(48.7)
Six months ended September 30, 2016	5,379	13.5	46	(46.9)	73	(28.7)	40	(83.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	2.51		–	
Six months ended September 30, 2016	4.70		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	7,102	5,029	70.4
As of March 31, 2017	7,255	5,160	70.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2017	–	0.00	–	13.00	13.00
Year ending March 31, 2018	–	0.00			
Year ending March 31, 2018 (Forecast)			–	14.00	14.00

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	%
Full year	12,500	8.1	400	34.8	410	22.9	280	3.9

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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: No
- 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, 2017	8,650,369 shares	As of March 31, 2017	8,650,369 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	350,927 shares	As of March 31, 2017	257,720 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, 2017	8,318,983 shares	Six months ended September 30, 2016	8,650,880 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	3,328	3,471
Notes and accounts receivable - trade	2,234	1,816
Merchandise and finished goods	2	5
Work in process	145	399
Other	278	266
Total current assets	5,990	5,959
Non-current assets		
Property, plant and equipment	352	333
Intangible assets		
Goodwill	132	113
Other	468	414
Total intangible assets	600	527
Investments and other assets		
Other	335	304
Allowance for doubtful accounts	(23)	(23)
Total investments and other assets	312	281
Total non-current assets	1,265	1,142
Total assets	7,255	7,102
Liabilities		
Current liabilities		
Accounts payable - trade	531	461
Income taxes payable	65	62
Provision for bonuses	395	469
Provision for directors' bonuses	4	–
Other	944	937
Total current liabilities	1,941	1,930
Non-current liabilities		
Directors' retirement benefits payable	26	26
Net defined benefit liability	–	0
Asset retirement obligations	59	59
Other	68	56
Total non-current liabilities	154	142
Total liabilities	2,095	2,073
Net assets		
Shareholders' equity		
Capital stock	3,149	3,149
Capital surplus	562	562
Retained earnings	1,521	1,433
Treasury shares	(106)	(148)
Total shareholders' equity	5,127	4,996
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	0
Total accumulated other comprehensive income	1	0
Non-controlling interests	31	32
Total net assets	5,160	5,029
Total liabilities and net assets	7,255	7,102

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, 2016	Six months ended September 30, 2017
Net sales	5,379	5,582
Cost of sales	4,349	4,504
Gross profit	1,030	1,077
Selling, general and administrative expenses	983	1,047
Operating profit	46	29
Non-operating income		
Interest income	0	1
Dividend income	1	0
Subsidy income	15	20
Other	11	8
Total non-operating income	29	30
Non-operating expenses		
Interest expenses	0	0
Other	1	1
Total non-operating expenses	1	1
Ordinary profit	73	58
Extraordinary income		
Gain on sales of investment securities	–	2
Total extraordinary income	–	2
Extraordinary losses		
Other	0	2
Total extraordinary losses	0	2
Profit before income taxes	73	58
Income taxes - current	29	33
Income taxes - deferred	0	0
Total income taxes	29	34
Profit	43	23
Profit attributable to non-controlling interests	3	2
Profit attributable to owners of parent	40	20

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	43	23
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(1)
Total other comprehensive income	(0)	(1)
Comprehensive income	43	22
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	40	20
Comprehensive income attributable to non-controlling interests	3	1

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	73	58
Depreciation	130	136
Amortization of goodwill	19	19
Increase (decrease) in allowance for doubtful accounts	0	–
Increase (decrease) in provision for bonuses	4	74
Increase (decrease) in provision for directors' bonuses	–	(4)
Interest and dividend income	(1)	(1)
Interest expenses	0	0
Loss on retirement of property, plant and equipment	0	–
Loss (gain) on sales of investment securities	–	(2)
Decrease (increase) in notes and accounts receivable - trade	535	418
Decrease (increase) in inventories	(108)	(256)
Increase (decrease) in notes and accounts payable - trade	(40)	(70)
Increase (decrease) in accounts payable - other	(145)	(158)
Other, net	17	168
Subtotal	485	385
Interest and dividend income received	1	1
Interest expenses paid	(0)	(0)
Income taxes paid	(44)	(52)
Net cash provided by (used in) operating activities	442	333
Cash flows from investing activities		
Purchase of property, plant and equipment	(15)	(4)
Purchase of intangible assets	(221)	(60)
Payments for guarantee deposits	(79)	(16)
Proceeds from sales of investment securities	–	5
Proceeds from collection of guarantee deposits	0	43
Payments of loans receivable	(50)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	38	–
Other, net	0	(0)
Net cash provided by (used in) investing activities	(328)	(33)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(42)
Cash dividends paid	(129)	(108)
Dividends paid to non-controlling interests	(1)	(1)
Repayments of lease obligations	(1)	(4)
Net cash provided by (used in) financing activities	(133)	(156)
Net increase (decrease) in cash and cash equivalents	(19)	143
Cash and cash equivalents at beginning of period	3,599	3,328
Cash and cash equivalents at end of period	3,580	3,471