

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (unaudited) (Based on Japanese GAAP)

February 10, 2017

Company name: Daio Paper Corporation
 Stock exchange listing: Tokyo
 Stock code: 3880 URL <http://www.daio-paper.co.jp>
 Representative: President and Chief Executive Officer Masayoshi Sako
 Inquiries: General Manager Accounting Department Masashi Yano TEL 03-6856-7513
 Scheduled date to file Quarterly Securities Report: February 10, 2017
 Scheduled date to commence dividend payments: —
 Availability of supplementary material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

(Amounts are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2016 (April 1, 2016–December 31, 2016)

(1) Consolidated Operating Results (cumulative)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2016	351,680	(0.7)	17,012	0.9	13,893	(0.8)	7,019	17.1
December 31, 2015	354,201	6.7	16,861	9.8	14,006	12.9	5,993	(18.9)

Note: Comprehensive income

Nine months ended December 31, 2016 3,768 million yen (41.0)%
 Nine months ended December 31, 2015 6,386 million yen (60.2)%

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2016	48.17	42.05
December 31, 2015	41.12	38.94

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	644,007	179,932	25.8
As of March 31, 2016	656,310	174,820	24.9

Reference: Equity As of December 31, 2016 165,886 million yen
 As of March 31, 2016 163,108 million yen

2. Dividends

	Annual Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	4.00	—	6.50	10.50
Fiscal year ending March 31, 2017	—	5.00			
Fiscal year ending March 31, 2017 (Forecast)			—	5.50	10.50

Note: Changes to latest dividends forecast: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016–March 31, 2017)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	480,000	1.2	25,000	2.8	22,000	3.5	13,000	(10.9)	89.21

Note: Changes to latest financial results forecasts: None

4. Notes

[1] Changes in significant subsidiaries during the nine months ended December 31, 2016

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

New One company (Company name: PT.ELLEAIR INTERNATIONAL MANUFACTURING INDONESIA)

Excluded — (Company name:)

[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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies due to other reasons: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

[4] Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares)

As of December 31, 2016 149,348,785 shares

As of March 31, 2016 149,348,785 shares

2) Number of treasury shares at the end of the period

As of December 31, 2016 3,619,067 shares

As of March 31, 2016 3,618,573 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2016 145,729,948 shares

Nine months ended December 31, 2015 145,732,860 shares

*Information on status of quarterly review procedures

This “Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016” is outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these financial results, the quarterly review procedures for the consolidated financial statements under the Financial Instruments and Exchange Act have been completed.

*Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions the Company considers reasonable. The actual results may differ significantly from these forecasts due to a wide range of factors.

Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	80,915	71,372
Notes and accounts receivable - trade	95,683	102,101
Inventories	69,169	67,344
Other	11,389	9,576
Allowance for doubtful accounts	(2)	(3)
Total current assets	257,154	250,390
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,824	68,760
Machinery, equipment and vehicles, net	134,050	133,243
Land	74,645	73,594
Other, net	18,854	17,555
Total property, plant and equipment	296,373	293,152
Intangible assets		
Goodwill	53,463	50,174
Other	3,651	3,592
Total intangible assets	57,114	53,766
Investments and other assets	45,498	46,582
Total non-current assets	398,985	393,500
Deferred assets	171	117
Total assets	656,310	644,007

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	49,123	52,687
Short-term loans payable	33,560	26,460
Current portion of long-term loans payable	79,941	79,433
Income taxes payable	5,190	2,645
Provision	4,675	2,533
Other	46,772	45,830
Total current liabilities	219,261	209,588
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	30,135	30,113
Long-term loans payable	199,992	193,545
Long-term accounts payable - facilities	4,022	2,260
Net defined benefit liability	18,874	19,056
Provision	508	473
Other	8,698	9,040
Total non-current liabilities	262,229	254,487
Total liabilities	481,490	464,075
Net assets		
Shareholders' equity		
Capital stock	39,707	39,707
Capital surplus	39,922	39,817
Retained earnings	83,772	88,950
Treasury shares	(2,907)	(2,908)
Total shareholders' equity	160,494	165,566
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,250	9,736
Foreign currency translation adjustment	(2,822)	(8,798)
Remeasurements of defined benefit plans	(814)	(618)
Total accumulated other comprehensive income	2,614	320
Non-controlling interests	11,712	14,046
Total net assets	174,820	179,932
Total liabilities and net assets	656,310	644,007

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

(Millions of yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Net sales	354,201	351,680
Cost of sales	270,465	264,490
Gross profit	83,736	87,190
Selling, general and administrative expenses	66,875	70,178
Operating income	16,861	17,012
Non-operating income		
Interest income	106	101
Dividend income	700	523
Insurance income	382	508
Other	1,881	1,463
Total non-operating income	3,069	2,595
Non-operating expenses		
Interest expenses	3,611	2,855
Foreign exchange losses	861	1,762
Other	1,452	1,097
Total non-operating expenses	5,924	5,714
Ordinary income	14,006	13,893
Extraordinary income		
Gain on sales of non-current assets	75	138
Insurance income	71	181
Other	0	0
Total extraordinary income	146	319
Extraordinary losses		
Loss on sales and retirement of non-current assets	610	1,058
Loss on valuation of investment securities	1	164
Impairment loss	916	298
Loss on disaster	111	213
Other	757	109
Total extraordinary losses	2,395	1,842
Profit before income taxes	11,757	12,370
Income taxes - current	2,646	5,178
Income taxes - deferred	2,804	179
Total income taxes	5,450	5,357
Profit	6,307	7,013
Profit (loss) attributable to non-controlling interests	314	(6)
Profit attributable to owners of parent	5,993	7,019

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Profit	6,307	7,013
Other comprehensive income		
Valuation difference on available-for-sale securities	1,002	3,527
Foreign currency translation adjustment	(1,250)	(6,968)
Remeasurements of defined benefit plans, net of tax	327	196
Total other comprehensive income	79	(3,245)
Comprehensive income	6,386	3,768
Comprehensive income attributable to		
Owners of the parent	6,142	4,725
Non-controlling interests	244	(957)