

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2015 (Based on Japanese GAAP)

February 10, 2016

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, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the nine months ended December 31, 2015 (from April 1, 2015 to December 31, 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	%
Nine months ended December 31, 2015	354,201	6.7	16,861	9.8	14,006	12.9	5,993	(18.9)
Nine months ended December 31, 2014	332,097	4.8	15,351	44.0	12,407	74.0	7,391	460.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2015	41.12	38.94
Nine months ended December 31, 2014	52.86	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2015	679,456	171,608	23.5
As of March 31, 2015	652,745	164,495	23.7

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	–	4.00	–	4.50	8.50
Year ending March 31, 2016	–	4.00	–		
Year ending March 31, 2016 (Forecast)				4.50	8.50

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		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	470,000	4.4	23,000	5.5	20,000	(8.2)	10,000	(24.3)	68.62

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2015	149,348,785 shares	As of March 31, 2015	149,348,785 shares
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Number of treasury shares at the end of the period

As of December 31, 2015	3,618,355 shares	As of March 31, 2015	3,609,036 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2015	145,732,860 shares	Nine months ended December 31, 2014	139,834,094 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	82,558	92,610
Notes and accounts receivable - trade	91,209	99,852
Inventories	66,059	71,813
Other	12,671	11,827
Allowance for doubtful accounts	(7)	(2)
Total current assets	252,490	276,100
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	63,666	66,168
Machinery, equipment and vehicles, net	131,388	131,956
Land	75,513	75,079
Other, net	16,924	18,146
Total property, plant and equipment	287,491	291,349
Intangible assets		
Goodwill	59,000	54,560
Other	3,676	3,594
Total intangible assets	62,676	58,154
Investments and other assets	49,948	53,642
Total non-current assets	400,115	403,145
Deferred assets	140	211
Total assets	652,745	679,456

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	48,201	56,192
Short-term loans payable	37,360	33,660
Current portion of long-term loans payable	96,364	84,161
Income taxes payable	1,320	2,243
Provision	4,422	2,373
Other	50,029	46,244
Total current liabilities	237,696	224,873
Non-current liabilities		
Bonds payable	10,320	310
Convertible bond-type bonds with subscription rights to shares	—	30,143
Long-term loans payable	207,550	217,984
Long-term accounts payable - facilities	4,865	4,349
Net defined benefit liability	18,125	18,500
Provision for directors' retirement benefits	367	274
Provision for environmental measures	5	3
Provision for loss on business of subsidiaries and associates	243	248
Other	9,079	11,164
Total non-current liabilities	250,554	282,975
Total liabilities	488,250	507,848
Net assets		
Shareholders' equity		
Capital stock	39,707	39,707
Capital surplus	39,586	39,922
Retained earnings	70,412	75,170
Treasury shares	(2,896)	(2,907)
Total shareholders' equity	146,809	151,892
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,603	11,633
Foreign currency translation adjustment	(1,867)	(2,815)
Remeasurements of defined benefit plans	(1,093)	(765)
Total accumulated other comprehensive income	7,643	8,053
Non-controlling interests	10,043	11,663
Total net assets	164,495	171,608
Total liabilities and net assets	652,745	679,456

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	332,097	354,201
Cost of sales	254,732	270,465
Gross profit	77,365	83,736
Selling, general and administrative expenses	62,014	66,875
Operating income	15,351	16,861
Non-operating income		
Interest income	144	106
Dividend income	509	700
Insurance income	—	382
Other	2,387	1,881
Total non-operating income	3,040	3,069
Non-operating expenses		
Interest expenses	4,478	3,611
Other	1,506	2,313
Total non-operating expenses	5,984	5,924
Ordinary income	12,407	14,006
Extraordinary income		
Gain on sales of non-current assets	337	75
Insurance income	93	71
Other	66	0
Total extraordinary income	496	146
Extraordinary losses		
Loss on sales and retirement of non-current assets	648	610
Loss on valuation of investment securities	16	1
Impairment loss	233	916
Loss on disaster	71	111
Amortization of goodwill	—	346
Retirement benefit expenses	—	289
Other	21	122
Total extraordinary losses	989	2,395
Income before income taxes and minority interests	11,914	11,757
Income taxes - current	1,817	2,646
Income taxes - deferred	2,378	2,804
Total income taxes	4,195	5,450
Profit	7,719	6,307
Profit attributable to non-controlling interests	328	314
Profit attributable to owners of parent	7,391	5,993

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit	7,719	6,307
Other comprehensive income		
Valuation difference on available-for-sale securities	6,456	1,002
Foreign currency translation adjustment	1,547	(1,250)
Remeasurements of defined benefit plans, net of tax	313	327
Total other comprehensive income	8,316	79
Comprehensive income	16,035	6,386
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,591	6,142
Comprehensive income attributable to non-controlling interests	444	244