

# Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (unaudited) (Based on Japanese GAAP)

May 12, 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  
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 Scheduled date of Ordinary General Meeting of Shareholders: June 29, 2016  
 Scheduled date of filing financial report: June 30, 2016  
 Scheduled date of the commencement of dividend payments: June 30, 2016  
 Availability of supplementary material on annual financial results: Yes  
 Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015–March 31, 2016)

### (1) Consolidated Operating Results

(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 |       |
|-------------------|-----------------|-----|------------------|------|-----------------|-------|-----------------------------------------|-------|
| Fiscal Year ended | Millions of yen | %   | Millions of yen  | %    | Millions of yen | %     | Millions of yen                         | %     |
| March 31, 2016    | 474,077         | 5.3 | 24,323           | 11.6 | 21,259          | (2.4) | 14,594                                  | 10.5  |
| March 31, 2015    | 450,239         | 4.7 | 21,796           | 35.8 | 21,784          | 93.5  | 13,209                                  | 109.9 |

Note: Comprehensive income

|                                  |                    |         |
|----------------------------------|--------------------|---------|
| Fiscal year ended March 31, 2016 | 9,599 million yen  | (65.6)% |
| Fiscal year ended March 31, 2015 | 27,943 million yen | 136.3%  |

|                   | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary income to total assets | Operating income to net sales |
|-------------------|--------------------------|----------------------------|------------------|---------------------------------|-------------------------------|
| Fiscal Year ended | Yen                      | Yen                        | %                | %                               | %                             |
| March 31, 2016    | 100.15                   | 92.94                      | 9.2              | 3.2                             | 5.1                           |
| March 31, 2015    | 93.48                    | —                          | 10.0             | 3.4                             | 4.8                           |

### (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, 2016 | 656,310         | 174,820         | 24.9         | 1,119.24             |
| As of March 31, 2015 | 652,745         | 164,495         | 23.7         | 1,059.78             |

|                   |                      |                     |
|-------------------|----------------------|---------------------|
| Reference: Equity | As of March 31, 2016 | 163,108 million yen |
|                   | As of March 31, 2015 | 154,452 million yen |

### (3) Consolidated Cash Flow

|                   | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|-------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------------------|
| Fiscal year ended | Millions of yen                                     | Millions of yen                                     | Millions of yen                                     | Millions of yen                            |
| March 31, 2016    | 47,011                                              | (26,073)                                            | (17,475)                                            | 72,169                                     |
| March 31, 2015    | 44,740                                              | (28,581)                                            | (29,429)                                            | 69,073                                     |

## 2. Dividends

|                                              | Annual Dividends per share  |                             |                             |                    |       | Total dividends | Dividend payout ratio<br>(Consolidated) | Dividends to net assets<br>(Consolidated) |
|----------------------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------|-------|-----------------|-----------------------------------------|-------------------------------------------|
|                                              | 1 <sup>st</sup> quarter end | 2 <sup>nd</sup> quarter end | 3 <sup>rd</sup> quarter end | End of fiscal year | Total |                 |                                         |                                           |
| Fiscal year ended                            | Yen                         | Yen                         | Yen                         | Yen                | Yen   | Millions of yen | %                                       | %                                         |
| March 31, 2015                               | —                           | 4.00                        | —                           | 4.50               | 8.50  | 1,245           | 9.1                                     | 0.9                                       |
| March 31, 2016                               | —                           | 4.00                        | —                           | 6.50               | 10.50 | 1,538           | 10.5                                    | 1.0                                       |
| Fiscal year ending March 31, 2017 (Forecast) | —                           | 5.00                        | —                           | 5.50               | 10.50 |                 | 11.8                                    |                                           |

## 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                      |
| Six months ending September 30, 2016 | 235,000         | 2.2 | 9,000            | (10.3) | 7,000           | (20.8) | 3,000                                   | (28.6) | 20.59                    |
| Full fiscal year                     | 490,000         | 3.4 | 25,000           | 2.8    | 22,000          | 3.5    | 13,000                                  | (10.9) | 89.21                    |

## 4. Others

- [1] Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New — (Company name: )

Eliminated — (Company name: )

- [2] Changes in accounting principles, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatements: No

- [3] Number of issued shares (common shares)

(i) Number of issued shares (including treasury shares) as of:

March 31, 2016 149,348,785 shares

March 31, 2015 149,348,785 shares

(ii) Number of treasury shares as of:

March 31, 2016 3,618,573 shares

March 31, 2015 3,609,036 shares

(iii) Average number of shares during the period:

Fiscal year ended March 31, 2016 145,732,212 shares

Fiscal year ended March 31, 2015 141,290,886 shares

## 1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015–March 31, 2016)

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

|                   | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen                      | Yen                        |
| March 31, 2016    | 84.48                    | 78.42                      |
| March 31, 2015    | 63.69                    | —                          |

|                      | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
|                      | Millions of yen | Millions of yen | %            | Yen                  |
| As of March 31, 2016 | 564,185         | 128,215         | 22.7         | 875.58               |
| As of March 31, 2015 | 553,059         | 121,392         | 21.9         | 828.93               |

\*Information on implementation status of auditing procedure

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

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# Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Millions of Yen)

|                                        | As of March 31, 2015 | As of March 31, 2016 |
|----------------------------------------|----------------------|----------------------|
| Assets                                 |                      |                      |
| Current assets                         |                      |                      |
| Cash and deposits                      | 82,558               | 80,915               |
| Notes and accounts receivable - trade  | 91,209               | 95,683               |
| Merchandise and finished goods         | 38,594               | 42,488               |
| Work in process                        | 4,788                | 4,893                |
| Raw materials and supplies             | 22,677               | 21,788               |
| Deferred tax assets                    | 5,017                | 4,106                |
| Other                                  | 7,654                | 7,283                |
| Allowance for doubtful accounts        | (7)                  | (2)                  |
| Total current assets                   | 252,490              | 257,154              |
| Non-current assets                     |                      |                      |
| Property, plant and equipment          |                      |                      |
| Buildings and structures               | 186,435              | 193,962              |
| Accumulated depreciation               | (122,769)            | (125,138)            |
| Buildings and structures, net          | 63,666               | 68,824               |
| Machinery, equipment and vehicles      | 805,920              | 805,170              |
| Accumulated depreciation               | (674,531)            | (671,120)            |
| Machinery, equipment and vehicles, net | 131,389              | 134,050              |
| Land                                   | 75,513               | 74,645               |
| Construction in progress               | 7,917                | 9,199                |
| Other                                  | 18,739               | 19,031               |
| Accumulated depreciation               | (9,733)              | (9,376)              |
| Other, net                             | 9,006                | 9,655                |
| Total property, plant and equipment    | 287,491              | 296,373              |
| Intangible assets                      |                      |                      |
| Goodwill                               | 59,000               | 53,463               |
| Other                                  | 3,676                | 3,651                |
| Total intangible assets                | 62,676               | 57,114               |
| Investments and other assets           |                      |                      |
| Investment securities                  | 39,410               | 32,765               |
| Long-term loans receivable             | 3,912                | 3,855                |
| Deferred tax assets                    | 187                  | 921                  |
| Other                                  | 7,665                | 9,048                |
| Allowance for doubtful accounts        | (1,226)              | (1,091)              |
| Total investments and other assets     | 49,948               | 45,498               |
| Total non-current assets               | 400,115              | 398,985              |
| Deferred assets                        | 140                  | 171                  |
| Total assets                           | 652,745              | 656,310              |

(Millions of Yen)

|                                                                | As of March 31, 2015 | As of March 31, 2016 |
|----------------------------------------------------------------|----------------------|----------------------|
| Liabilities                                                    |                      |                      |
| Current liabilities                                            |                      |                      |
| Accounts payable - trade                                       | 48,201               | 49,123               |
| Short-term loans payable                                       | 37,360               | 33,560               |
| Current portion of long-term loans payable                     | 96,364               | 79,941               |
| Current portion of bonds                                       | 15,020               | 10,320               |
| Accounts payable - other                                       | 20,575               | 23,970               |
| Current portion of long-term accounts payable - facilities     | 2,346                | 2,526                |
| Income taxes payable                                           | 1,320                | 5,190                |
| Provision for bonuses                                          | 4,296                | 4,553                |
| Provision for directors' bonuses                               | 126                  | 119                  |
| Other                                                          | 12,088               | 9,959                |
| Total current liabilities                                      | 237,696              | 219,261              |
| Non-current liabilities                                        |                      |                      |
| Bonds payable                                                  | 10,320               | —                    |
| Convertible bond-type bonds with subscription rights to shares | —                    | 30,135               |
| Long-term loans payable                                        | 207,550              | 199,992              |
| Long-term accounts payable - facilities                        | 4,865                | 4,022                |
| Net defined benefit liability                                  | 18,125               | 18,874               |
| Provision for directors' retirement benefits                   | 367                  | 279                  |
| Provision for environmental measures                           | 5                    | 4                    |
| Provision for loss on business of subsidiaries and associates  | 243                  | 225                  |
| Other                                                          | 9,079                | 8,698                |
| Total non-current liabilities                                  | 250,554              | 262,229              |
| Total liabilities                                              | 488,250              | 481,490              |
| Net assets                                                     |                      |                      |
| Shareholders' equity                                           |                      |                      |
| Capital stock                                                  | 39,707               | 39,707               |
| Capital surplus                                                | 39,586               | 39,922               |
| Retained earnings                                              | 70,412               | 83,772               |
| Treasury shares                                                | (2,896)              | (2,907)              |
| Total shareholders' equity                                     | 146,809              | 160,494              |
| Accumulated other comprehensive income                         |                      |                      |
| Valuation difference on available-for-sale securities          | 10,603               | 6,250                |
| Foreign currency translation adjustment                        | (1,867)              | (2,822)              |
| Remeasurements of defined benefit plans                        | (1,093)              | (814)                |
| Total accumulated other comprehensive income                   | 7,643                | 2,614                |
| Non-controlling interests                                      | 10,043               | 11,712               |
| Total net assets                                               | 164,495              | 174,820              |
| Total liabilities and net assets                               | 652,745              | 656,310              |

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### Consolidated Statement of Income

(Millions of Yen)

|                                                               | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---------------------------------------------------------------|---------------------------|---------------------------|
| Net sales                                                     | 450,239                   | 474,077                   |
| Cost of sales                                                 | 344,237                   | 359,933                   |
| Gross profit                                                  | 106,002                   | 114,144                   |
| Selling, general and administrative expenses                  | 84,206                    | 89,821                    |
| Operating income                                              | 21,796                    | 24,323                    |
| Non-operating income                                          |                           |                           |
| Interest income                                               | 164                       | 140                       |
| Dividend income                                               | 546                       | 989                       |
| Foreign exchange gains                                        | 1,598                     | —                         |
| Purchase discounts                                            | 346                       | 345                       |
| Subsidy income                                                | 3,119                     | 608                       |
| Other                                                         | 1,835                     | 2,296                     |
| Total non-operating income                                    | 7,608                     | 4,378                     |
| Non-operating expenses                                        |                           |                           |
| Interest expenses                                             | 5,826                     | 4,697                     |
| Foreign exchange losses                                       | —                         | 799                       |
| Other                                                         | 1,794                     | 1,946                     |
| Total non-operating expenses                                  | 7,620                     | 7,442                     |
| Ordinary income                                               | 21,784                    | 21,259                    |
| Extraordinary income                                          |                           |                           |
| Gain on sales of non-current assets                           | 359                       | 212                       |
| Gain on sales of investment securities                        | 38                        | 3,729                     |
| Insurance income                                              | 138                       | 197                       |
| Gain on bargain purchase                                      | 126                       | —                         |
| Gain on liquidation of subsidiaries and associates            | 116                       | —                         |
| Other                                                         | 63                        | —                         |
| Total extraordinary income                                    | 840                       | 4,138                     |
| Extraordinary losses                                          |                           |                           |
| Loss on sales and retirement of non-current assets            | 1,101                     | 894                       |
| Loss on sales of investment securities                        | 1                         | 118                       |
| Loss on disaster                                              | 105                       | 150                       |
| Impairment loss                                               | 1,453                     | 1,564                     |
| Amortization of goodwill                                      | —                         | 346                       |
| Foreign exchange losses                                       | 2,273                     | —                         |
| Provision for loss on business of subsidiaries and associates | 271                       | —                         |
| Other                                                         | 47                        | 328                       |
| Total extraordinary losses                                    | 5,251                     | 3,400                     |
| Profit before income taxes                                    | 17,373                    | 21,997                    |
| Income taxes - current                                        | 2,121                     | 5,594                     |
| Income taxes - deferred                                       | 1,634                     | 1,510                     |
| Total income taxes                                            | 3,755                     | 7,104                     |
| Profit                                                        | 13,618                    | 14,893                    |
| Profit attributable to non-controlling interests              | 409                       | 299                       |
| Profit attributable to owners of parent                       | 13,209                    | 14,594                    |

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

|                                                                | Year ended March 31, 2015 | Year ended March 31, 2016 |
|----------------------------------------------------------------|---------------------------|---------------------------|
| Profit                                                         | 13,618                    | 14,893                    |
| Other comprehensive income                                     |                           |                           |
| Valuation difference on available-for-sale securities          | 8,523                     | (4,451)                   |
| Foreign currency translation adjustment                        | 5,512                     | (1,122)                   |
| Remeasurements of defined benefit plans, net of tax            | 290                       | 279                       |
| Total other comprehensive income                               | 14,325                    | (5,294)                   |
| Comprehensive income                                           | 27,943                    | 9,599                     |
| Comprehensive income attributable to                           |                           |                           |
| Comprehensive income attributable to owners of parent          | 27,204                    | 9,306                     |
| Comprehensive income attributable to non-controlling interests | 739                       | 293                       |

### (3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from April 1, 2014 to March 31, 2015)

(Millions of yen)

|                                                      | Shareholders' equity |                 |                   |                 |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                      | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period               | 30,415               | 30,294          | 58,320            | (2,883)         | 116,146                    |
| Cumulative effects of changes in accounting policies |                      |                 | (73)              |                 | (73)                       |
| Restated balance                                     | 30,415               | 30,294          | 58,247            | (2,883)         | 116,073                    |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Issuance of new shares                               | 9,292                | 9,292           |                   |                 | 18,584                     |
| Dividends of surplus                                 |                      |                 | (1,143)           |                 | (1,143)                    |
| Profit attributable to owners of parent              |                      |                 | 13,209            |                 | 13,209                     |
| Purchase of treasury shares                          |                      |                 |                   | (13)            | (13)                       |
| Change of scope of consolidation                     |                      |                 | 99                |                 | 99                         |
| Capital increase of consolidated subsidiaries        |                      |                 |                   |                 | —                          |
| Sales of shares of consolidated subsidiaries         |                      |                 |                   |                 | —                          |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes of items during period                 | 9,292                | 9,292           | 12,165            | (13)            | 30,736                     |
| Balance at end of current period                     | 39,707               | 39,586          | 70,412            | (2,896)         | 146,809                    |

|                                                      | Accumulated other comprehensive income                |                                         |                                         |                                              | Non-controlling interests | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of current period               | 2,182                                                 | (7,152)                                 | (1,383)                                 | (6,353)                                      | 9,459                     | 119,252          |
| Cumulative effects of changes in accounting policies |                                                       |                                         |                                         |                                              |                           | (73)             |
| Restated balance                                     | 2,182                                                 | (7,152)                                 | (1,383)                                 | (6,353)                                      | 9,459                     | 119,179          |
| Changes of items during period                       |                                                       |                                         |                                         |                                              |                           |                  |
| Issuance of new shares                               |                                                       |                                         |                                         |                                              |                           | 18,584           |
| Dividends of surplus                                 |                                                       |                                         |                                         |                                              |                           | (1,143)          |
| Profit attributable to owners of parent              |                                                       |                                         |                                         |                                              |                           | 13,209           |
| Purchase of treasury shares                          |                                                       |                                         |                                         |                                              |                           | (13)             |
| Change of scope of consolidation                     |                                                       |                                         |                                         |                                              |                           | 99               |
| Capital increase of consolidated subsidiaries        |                                                       |                                         |                                         |                                              |                           | —                |
| Sales of shares of consolidated subsidiaries         |                                                       |                                         |                                         |                                              |                           | —                |
| Net changes of items other than shareholders' equity | 8,421                                                 | 5,285                                   | 290                                     | 13,996                                       | 584                       | 14,580           |
| Total changes of items during period                 | 8,421                                                 | 5,285                                   | 290                                     | 13,996                                       | 584                       | 45,316           |
| Balance at end of current period                     | 10,603                                                | (1,867)                                 | (1,093)                                 | 7,643                                        | 10,043                    | 164,495          |

**Consolidated fiscal year under review (from April 1, 2015 to 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               | 39,707               | 39,586          | 70,412            | (2,896)         | 146,809                    |
| Cumulative effects of changes in accounting policies |                      |                 |                   |                 | —                          |
| Restated balance                                     | 39,707               | 39,586          | 70,412            | (2,896)         | 146,809                    |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Issuance of new shares                               |                      |                 |                   |                 | —                          |
| Dividends of surplus                                 |                      |                 | (1,234)           |                 | (1,234)                    |
| Profit attributable to owners of parent              |                      |                 | 14,594            |                 | 14,594                     |
| Purchase of treasury shares                          |                      |                 |                   | (11)            | (11)                       |
| Change of scope of consolidation                     |                      |                 |                   |                 | —                          |
| Capital increase of consolidated subsidiaries        |                      | 117             |                   |                 | 117                        |
| Sales of shares of consolidated subsidiaries         |                      | 219             |                   |                 | 219                        |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes of items during period                 | —                    | 336             | 13,360            | (11)            | 13,685                     |
| Balance at end of current period                     | 39,707               | 39,922          | 83,772            | (2,907)         | 160,494                    |

|                                                      | Accumulated other comprehensive income                |                                         |                                         |                                              | Non-controlling interests | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of current period               | 10,603                                                | (1,867)                                 | (1,093)                                 | 7,643                                        | 10,043                    | 164,495          |
| Cumulative effects of changes in accounting policies |                                                       |                                         |                                         |                                              |                           | —                |
| Restated balance                                     | 10,603                                                | (1,867)                                 | (1,093)                                 | 7,643                                        | 10,043                    | 164,495          |
| Changes of items during period                       |                                                       |                                         |                                         |                                              |                           |                  |
| Issuance of new shares                               |                                                       |                                         |                                         |                                              |                           | —                |
| Dividends of surplus                                 |                                                       |                                         |                                         |                                              |                           | (1,234)          |
| Profit attributable to owners of parent              |                                                       |                                         |                                         |                                              |                           | 14,594           |
| Purchase of treasury shares                          |                                                       |                                         |                                         |                                              |                           | (11)             |
| Change of scope of consolidation                     |                                                       |                                         |                                         |                                              |                           | —                |
| Capital increase of consolidated subsidiaries        |                                                       |                                         |                                         |                                              |                           | 117              |
| Sales of shares of consolidated subsidiaries         |                                                       |                                         |                                         |                                              |                           | 219              |
| Net changes of items other than shareholders' equity | (4,353)                                               | (955)                                   | 279                                     | (5,029)                                      | 1,669                     | (3,360)          |
| Total changes of items during period                 | (4,353)                                               | (955)                                   | 279                                     | (5,029)                                      | 1,669                     | 10,325           |
| Balance at end of current period                     | 6,250                                                 | (2,822)                                 | (814)                                   | 2,614                                        | 11,712                    | 174,820          |

#### (4) Consolidated Statement of Cash Flows

(Millions of Yen)

|                                                                                      | Year ended March 31, 2015 | Year ended March 31, 2016 |
|--------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Cash flows from operating activities                                                 |                           |                           |
| Profit before income taxes                                                           | 17,373                    | 21,997                    |
| Depreciation                                                                         | 27,203                    | 26,988                    |
| Impairment loss                                                                      | 1,453                     | 1,564                     |
| Amortization of goodwill                                                             | 4,453                     | 4,782                     |
| Gain on bargain purchase                                                             | (126)                     | —                         |
| Increase (decrease) in allowance for doubtful accounts                               | 90                        | (137)                     |
| Increase (decrease) in provision for loss on business of subsidiaries and associates | 191                       | (18)                      |
| Loss (gain) on sales of investment securities                                        | (37)                      | (3,611)                   |
| Loss (gain) on valuation of investment securities                                    | 16                        | 2                         |
| Increase (decrease) in net defined benefit liability                                 | 1,066                     | 1,095                     |
| Interest and dividend income                                                         | (710)                     | (1,129)                   |
| Interest expenses                                                                    | 5,826                     | 4,697                     |
| Foreign exchange losses (gains)                                                      | 674                       | 799                       |
| Subsidy income                                                                       | (3,119)                   | (608)                     |
| Insurance income                                                                     | (138)                     | (197)                     |
| Loss (gain) on sales of property, plant and equipment                                | 323                       | (44)                      |
| Loss on retirement of property, plant and equipment                                  | 419                       | 725                       |
| Decrease (increase) in notes and accounts receivable - trade                         | (4,782)                   | (4,795)                   |
| Decrease (increase) in inventories                                                   | (5,362)                   | (3,376)                   |
| Increase (decrease) in notes and accounts payable - trade                            | 2,172                     | 1,237                     |
| Increase/decrease in other assets/liabilities                                        | (3,310)                   | (969)                     |
| Increase (decrease) in accrued consumption taxes                                     | 1,911                     | (2,238)                   |
| Other, net                                                                           | 549                       | (617)                     |
| Subtotal                                                                             | 46,135                    | 46,147                    |
| Income taxes paid                                                                    | (4,481)                   | (2,006)                   |
| Income taxes refund                                                                  | —                         | 1,807                     |
| Proceeds from subsidy income                                                         | 2,872                     | 525                       |
| Proceeds from insurance income                                                       | 214                       | 538                       |
| Net cash provided by (used in) operating activities                                  | 44,740                    | 47,011                    |
| Cash flows from investing activities                                                 |                           |                           |
| Decrease (increase) in time deposits                                                 | (3,329)                   | 4,616                     |
| Purchase of property, plant and equipment                                            | (31,395)                  | (33,958)                  |
| Proceeds from sales of property, plant and equipment                                 | 6,959                     | 385                       |
| Purchase of investment securities                                                    | (166)                     | (76)                      |
| Proceeds from sales of investment securities                                         | 831                       | 5,155                     |
| Purchase of shares of subsidiaries and associates                                    | (1,642)                   | (2,565)                   |
| Proceeds from sales of shares of subsidiaries and associates                         | —                         | 853                       |
| Payments of loans receivable                                                         | (2)                       | (6)                       |
| Collection of loans receivable                                                       | 3                         | 7                         |
| Interest and dividend income received                                                | 1,056                     | 1,475                     |
| Other, net                                                                           | (896)                     | (1,959)                   |
| Net cash provided by (used in) investing activities                                  | (28,581)                  | (26,073)                  |

(Millions of Yen)

|                                                                                                                     | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Cash flows from financing activities                                                                                |                           |                           |
| Increase in short-term loans payable                                                                                | 7,230                     | 12,200                    |
| Decrease in short-term loans payable                                                                                | (28,820)                  | (16,000)                  |
| Proceeds from long-term loans payable                                                                               | 97,240                    | 73,137                    |
| Repayments of long-term loans payable                                                                               | (105,269)                 | (97,118)                  |
| Proceeds from issuance of convertible bonds with subscription rights to shares                                      | —                         | 30,150                    |
| Redemption of bonds                                                                                                 | (10,400)                  | (15,020)                  |
| Proceeds from issuance of common shares                                                                             | 18,584                    | —                         |
| Proceeds from issuance of common stock assigned to non-controlling interests                                        | —                         | 809                       |
| Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | —                         | 1,328                     |
| Interest expenses paid                                                                                              | (6,232)                   | (5,200)                   |
| Cash dividends paid                                                                                                 | (1,143)                   | (1,234)                   |
| Other, net                                                                                                          | (619)                     | (527)                     |
| Net cash provided by (used in) financing activities                                                                 | (29,429)                  | (17,475)                  |
| Effect of exchange rate change on cash and cash equivalents                                                         | 925                       | (367)                     |
| Net increase (decrease) in cash and cash equivalents                                                                | (12,345)                  | 3,096                     |
| Cash and cash equivalents at beginning of period                                                                    | 79,046                    | 69,073                    |
| Increase in cash and cash equivalents from newly consolidated subsidiary                                            | 2,358                     | —                         |
| Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries                        | 14                        | —                         |
| Cash and cash equivalents at end of period                                                                          | 69,073                    | 72,169                    |