

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2016 (unaudited) (Based on Japanese GAAP)

August 9, 2016

Company name: Daio Paper Corporation
 Stock exchange listing: Tokyo
 Stock code: 3880 URL <http://www.daio-paper.co.jp>
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 Scheduled date to file Quarterly Securities Report: August 9, 2016
 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 Three Months Ended June 30, 2016 (April 1, 2016–June 30, 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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2016	113,563	0.5	4,781	3.7	3,254	(26.3)	1,237	(34.7)
June 30, 2015	112,957	9.4	4,610	4.6	4,413	38.8	1,896	(19.5)

Note: Comprehensive income

Three months ended June 30, 2016 (377) million yen — %
 Three months ended June 30, 2015 3,563 million yen 10.3%

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2016	8.49	7.40
June 30, 2015	13.01	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2016	654,559	175,989	24.8
As of March 31, 2016	656,310	174,820	24.9

Reference: Equity As of June 30, 2016 162,101 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	—				
Fiscal year ending March 31, 2017 (Forecast)		5.00	—	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
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

Note: Changes to latest financial results forecasts: None

4. Notes

[1] Changes in significant subsidiaries during the three months ended June 30, 2016

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

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

Eliminated — (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 June 30, 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 June 30, 2016 3,618,624 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)

Three months ended June 30, 2016 145,730,178 shares

Three months ended June 30, 2015 145,736,182 shares

*Information on implementation status of quarterly review procedures

This “Summary of Consolidated Financial Results for the Three Months Ended June 30, 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 June 30, 2016
Assets		
Current assets		
Cash and deposits	80,915	83,406
Notes and accounts receivable - trade	95,683	92,671
Inventories	69,168	71,256
Other	11,390	10,383
Allowance for doubtful accounts	(2)	(2)
Total current assets	257,154	257,714
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,824	68,120
Machinery, equipment and vehicles, net	134,050	137,268
Land	74,645	74,234
Other, net	18,854	17,579
Total property, plant and equipment	296,373	297,201
Intangible assets		
Goodwill	53,463	52,367
Other	3,651	3,595
Total intangible assets	57,114	55,962
Investments and other assets	45,498	43,531
Total non-current assets	398,985	396,694
Deferred assets	171	151
Total assets	656,310	654,559

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	49,123	45,779
Short-term loans payable	33,560	33,560
Current portion of long-term loans payable	79,941	75,540
Income taxes payable	5,190	1,844
Provision	4,675	2,371
Other	46,772	55,887
Total current liabilities	219,261	214,981
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	30,135	30,128
Long-term loans payable	199,992	201,822
Long-term accounts payable - facilities	4,022	3,391
Net defined benefit liability	18,874	18,984
Provision	508	499
Other	8,698	8,765
Total non-current liabilities	262,229	263,589
Total liabilities	481,490	478,570
Net assets		
Shareholders' equity		
Capital stock	39,707	39,707
Capital surplus	39,922	39,817
Retained earnings	83,772	83,894
Treasury shares	(2,907)	(2,908)
Total shareholders' equity	160,494	160,510
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,250	6,523
Foreign currency translation adjustment	(2,822)	(4,187)
Remeasurements of defined benefit plans	(814)	(745)
Total accumulated other comprehensive income	2,614	1,591
Non-controlling interests	11,712	13,888
Total net assets	174,820	175,989
Total liabilities and net assets	656,310	654,559

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

(Millions of yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Net sales	112,957	113,563
Cost of sales	86,869	86,136
Gross profit	26,088	27,427
Selling, general and administrative expenses	21,478	22,646
Operating income	4,610	4,781
Non-operating income		
Interest income	34	30
Dividend income	478	290
Insurance income	382	293
Other	440	611
Total non-operating income	1,334	1,224
Non-operating expenses		
Interest expenses	1,249	982
Foreign exchange losses	—	1,446
Other	282	323
Total non-operating expenses	1,531	2,751
Ordinary income	4,413	3,254
Extraordinary income		
Gain on sales of non-current assets	1	9
Insurance income	7	5
Total extraordinary income	8	14
Extraordinary losses		
Loss on sales and retirement of non-current assets	160	125
Loss on valuation of investment securities	1	164
Impairment loss	14	151
Loss on disaster	11	90
Other	290	24
Total extraordinary losses	476	554
Profit before income taxes	3,945	2,714
Income taxes - current	782	1,542
Income taxes - deferred	1,147	19
Total income taxes	1,929	1,561
Profit	2,016	1,153
Profit (loss) attributable to non-controlling interests	120	(84)
Profit attributable to owners of parent	1,896	1,237

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Profit	2,016	1,153
Other comprehensive income		
Valuation difference on available-for-sale securities	1,750	232
Foreign currency translation adjustment	(291)	(1,831)
Remeasurements of defined benefit plans, net of tax	88	69
Total other comprehensive income	1,547	(1,530)
Comprehensive income	3,563	(377)
Comprehensive income attributable to		
Owners of the parent	3,432	214
Non-controlling interests	131	(591)