



Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending March 31, 2016
[J-GAAP]

February 9, 2016

Company Name: Dai Nippon Printing Co., Ltd.
Stock exchange listing: Tokyo
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Dividend payment date: —
Preparation of quarterly earnings presentation material: No
Holding of quarterly earnings announcement: No

(Amounts under one million yen have been rounded down.)

1. Consolidated financial results for the first nine months ended December 31, 2015
(April 1, 2015 – December 31, 2015)

(1) Consolidated financial results

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2015	1,090,163	(0.1)	32,090	(10.4)	39,472	(3.7)	27,036	10.0
Nine months ended December 31, 2014	1,091,782	1.6	35,827	(0.8)	40,972	0.9	24,577	11.7

Note: Comprehensive income: For the first nine months ended December 31, 2015: ¥15,314 million (-86.8%)
For the first nine months ended December 31, 2014: ¥116,226 million (112.6%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2015	42.66	42.40
Nine months ended December 31, 2014	38.17	37.89

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of December 31, 2015	1,756,139	1,098,453	60.0
As of March 31, 2015	1,809,462	1,124,093	59.6

Note: Stockholders' equity: As of December 31, 2015: ¥1,053,031 million As of March 31, 2015: ¥1,078,828 million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2015	—	16.00	—	16.00	32.00
Year ending March 31, 2016	—	16.00	—		
Year ending March 31, 2016 (Forecasts)				16.00	32.00

Note: Revisions to the most recently announced dividend forecasts during the current quarter: No

3. Consolidated earnings forecasts for the year ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders		Net Income per Share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	1,510,000	3.3	52,000	7.9	55,000	2.3	30,000	11.4	47.42

Note: Revisions to the most recently announced earnings forecasts during the current quarter: No

Other information

(1) Changes in significant subsidiaries during the first nine months (changes in specified subsidiaries resulting in change of scope of consolidation): No

(2) Application of accounting procedures peculiar to quarterly consolidated financial statement preparation: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

1) Changes in accounting policies with revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Restatement of revisions: No

Note: For further details, see the section titled, "2. Summary information (notes), Changes in accounting policies, changes in accounting estimates, and restatement of revisions," on page 4.

(4) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)

As of December 31, 2015	680,480,693 shares	As of March 31, 2015	700,480,693 shares
As of December 31, 2015	51,916,352 shares	As of March 31, 2015	56,647,614 shares
Nine months ended December 31, 2015	633,801,476 shares	Nine months ended December 31, 2014	643,876,811 shares

2) Number of treasury shares at end of each period

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

Presentation of implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to these Consolidated Financial Results, and the quarterly review procedure based on the Financial Instruments and Exchange Act is underway as of the release of these Consolidated Financial Results.

Explanation regarding appropriate use of earnings forecasts and other special notes

Forward-looking statements in this report, including earnings forecasts, are based on assumptions about economic conditions, market trends, and other factors at the time the report was prepared. Actual results may differ significantly due to a variety of factors.

See "1. Qualitative information on the consolidated results for the current quarter, (3) Explanation of the consolidated earnings forecasts" on page 3 for information about earnings forecasts.

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1. Qualitative information on the consolidated results for the current quarter

(1) Explanation of the consolidated financial results

Japan's economy gradually recovered during the first nine months of the fiscal year, with corporate earnings and the employment environment improving, aided by the economic policies of the Japanese government and monetary easing policies of the Bank of Japan. However, the economy has still not reached a full-fledged recovery, due partly to sluggish consumer spending and overseas economic slowdowns, including in China.

The printing industry continued to face a tough business environment as a result of sluggish printing demand and a decline in order prices due to stiffer competition.

In this environment, the DNP Group (DNP) reviewed its group vision as its basic management policy and prepared the DNP Group Vision 2015 in October 2015. As part of this vision, DNP states its corporate philosophy as: "The DNP Group connects individuals and society, and provides new value." It establishes the four growth areas of "Knowledge and Communication," "Food and Healthcare," "Lifestyle and Mobility," and "Environment and Energy;" and also defines its business vision as: "Use P&I innovations to expand business, primarily in four growth areas." The entire DNP Group is working to expand its business by creating new value.

Based on these efforts, consolidated net sales for the first nine months edged down 0.1% year on year to ¥1,090.1 billion, consolidated operating income fell 10.4% to ¥32.0 billion, consolidated ordinary income fell 3.7% to ¥39.4 billion, and net income attributable to parent company shareholders grew 10.0% to ¥27.0 billion.

Business segment results are presented below.

DNP changed its reportable business segments effective from the first quarter of the current fiscal year, and comparison and analysis of the first nine-month performance are based on the new reportable business segments.

[PRINTING]

Information Communication

In the Books and Magazines business, DNP aggressively pursued planning proposals and sales activities, but the publication market continued to slump and sales of books and magazines both decreased year on year.

In the Commercial Printing business, sales were on par with the previous year, despite sluggish sales of flyers, catalogs, and other printed materials, thanks to growth for point-of-purchase promotional materials (POP) and other sales promotion-related tools and for operations outsourcing services for campaign offices and customer centers.

In the Business Forms business, ledger books decreased from last year, but sales were favorable for Information Processing Services (IPS; handling data entry, printing, and shipment of personalized mail and other items). Additionally, responding to growing corporate needs for protecting the personal information of employees and customers in application, reception, and other operations, DNP established two new Business Process Outsourcing (BPO) centers in December 2015, giving it five centers across the country. DNP aims to expand corporate BPO services while protecting personal information by leveraging expertise gained in smart card, personalized printing, and other operations.

In the Imaging Communication business, sales rose sharply from the previous year due to strong sales in North American, European, and Southeast Asian markets for dye-sublimation thermal transfer printing media (color ink ribbons and receiver paper) used for photo printers. DNP also developed a system and launched services in October 2015 for taking ID photos at Ki-Re-i photo booths and applying directly for Individual Number Cards under the "My Number" social security and tax number system.

In the Education and Publications Distribution business, sales increased year on year thanks to favorable sales in the "honto" hybrid bookstore network that combines physical bookstores, online bookstores, and e-book sales services, and growth in the library operations outsourcing business in tandem with regional revitalization initiatives.

As a result of the above, overall segment sales grew 3.8% year on year to ¥608.9 billion and operating income grew 24.4% to ¥19.1 billion.

Lifestyle and Industrial Supplies

In the Packaging business, sales increased for plastic film packaging, paper cups, and molded plastic goods, but overall sales decreased year on year on a large decline for PET plastic bottle aseptic filling systems.

In the Lifestyle Materials business, DNP focused on developing overseas markets and sales of environmentally conscious products and other products that use its proprietary Electron Beam coating technology. However, sales decreased year on year on a slow recovery in housing construction demand.

In the Industrial Supplies business, sales increased from the previous year on strong sales for both photovoltaic module components and lithium-ion battery components.

As a result of the above, overall segment sales fell 1.0% year on year to ¥285.6 billion and operating income fell 13.3% to ¥8.6 billion.

Electronics

In the LCD Color Filter business, sales decreased year on year on declines for both small- and medium-sized filters for smartphones and tablets, and large filters for TVs.

Semiconductor photomask sales decreased from last year, despite acquiring overseas demand, as a result of sluggish sales in Japan.

In the Optical Films business, sales decreased year on year on declines for polarizing plate products, including anti-reflection films.

As a result of the above, overall segment sales fell 11.2% year on year to ¥155.4 billion and operating income fell 15.9% to ¥16.7 billion.

[BEVERAGES]

Beverages

The soft drink industry continues to face a tough market environment, due partly to price competition among manufacturers. In this environment, DNP worked to expand sales by bolstering main brands, including Coca-Cola and coffee drinks, through the introduction of new bottle cans and product renewals, and by focusing on the vending machine business through area marketing.

As a result of these efforts, sales increased for coffee drinks that use a new extraction technology and for tea drinks including the Ayataka brand, but decreased for carbonated drinks and sports drinks. Overall segment sales fell 3.4% year on year to ¥44.2 billion and operating income fell 14.5% to ¥0.9 billion.

(2) Explanation of the consolidated financial position

Total assets at the end of the third quarter decreased by ¥53.3 billion from the end of the previous fiscal year to ¥1,756.1 billion, due mainly to a decrease for cash and time deposits.

Total liabilities decreased by ¥27.6 billion from the end of the previous fiscal year to ¥657.6 billion, due mainly to decreases in short-term bank loans and reserve for bonuses.

Net assets decreased by ¥25.6 billion from the end of the previous fiscal year to ¥1,098.4 billion, due mainly to a decrease in retained earnings.

As a result of the above, the equity ratio rose from 59.6% at the end of the previous fiscal year to 60.0%.

(3) Explanation of the consolidated earnings forecasts

Our earnings forecasts for the fiscal year ending March 2016 are unchanged from the forecasts announced on May 14, 2015.

2. Summary information (notes)

Changes in accounting policies, changes in accounting estimates, and restatement of revisions

(Changes in accounting policies)

Starting in the first quarter of the current fiscal year, DNP is applying the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), and other accounting standards. As a result, DNP now records any differences resulting from changes in its ownership interests in subsidiaries subject to ongoing control under capital surplus, and records acquisition-related costs as expenses in the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter of the current fiscal year, DNP now reflects the updated acquisition cost allocation based on finalization of the provisional accounting treatment in the quarterly consolidated financial statements for the fiscal quarter in which the business combination occurs. In addition, DNP has made changes in the presentation of quarterly net income and other items and has changed from presenting minority interests to presenting non-controlling interests. To reflect these changes in presentation, DNP has restated the quarterly consolidated financial statements and full-year consolidated financial statements for the first nine months of the previous fiscal year and for the full previous fiscal year.

DNP is applying the Accounting Standard for Business Combinations and other accounting standards in line with transitional measures stipulated in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and this application is effective from the start of the first quarter of the current fiscal year and into the future.

These changes have an immaterial impact on the quarterly financial statements for the first nine months of the current fiscal year.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2015	As of December 31, 2015
ASSETS		
Current assets		
Cash and time deposits	210,979	145,773
Notes and trade receivable	366,068	362,080
Merchandise and finished products	97,231	99,494
Work in progress	28,278	31,685
Raw materials and supplies	22,395	27,125
Other	38,990	31,914
Allowance for doubtful accounts	(822)	(1,214)
Total current assets	763,122	696,858
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	184,639	217,007
Machinery and equipment, net	98,913	91,313
Land	154,093	155,556
Construction in progress	41,457	14,328
Other, net	33,686	34,841
Total property, plant and equipment	512,790	513,047
Intangible fixed assets		
Other	30,583	36,031
Total intangible fixed assets	30,583	36,031
Investments and other assets		
Investment securities	397,116	399,337
Other	114,364	118,748
Allowance for doubtful accounts	(8,514)	(7,884)
Total investments and other assets	502,966	510,201
Total fixed assets	1,046,340	1,059,281
TOTAL ASSETS	1,809,462	1,756,139

	As of March 31, 2015	As of December 31, 2015
LIABILITIES		
Current liabilities		
Notes and trade payable	258,887	263,923
Short-term bank loans	53,370	42,992
Reserve for bonuses	17,428	6,999
Other	105,717	92,464
Total current liabilities	435,404	406,379
Long-term liabilities		
Bonds	103,750	107,150
Long-term debt	20,585	19,582
Net defined benefit liability	32,348	33,523
Deferred tax liabilities	65,860	64,487
Other	27,419	26,562
Total long-term liabilities	249,964	251,306
TOTAL LIABILITIES	685,368	657,686
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,283
Retained earnings	737,241	710,479
Treasury stock	(94,386)	(81,022)
Total stockholders' equity	902,217	888,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	147,914	144,425
Net deferred gains (losses) on hedges	(0)	5
Foreign currency translation adjustments	7,247	3,180
Remeasurements of defined benefit plans	21,449	17,215
Total accumulated other comprehensive income	176,610	164,827
Stock acquisition rights	16	16
Non-controlling interests	45,248	45,405
TOTAL NET ASSETS	1,124,093	1,098,453
TOTAL LIABILITIES AND NET ASSETS	1,809,462	1,756,139

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

First nine months of the fiscal years

(Million yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	1,091,782	1,090,163
Cost of sales	883,184	879,233
Gross profit	208,598	210,930
Selling, general and administrative expenses	172,770	178,839
Operating income	35,827	32,090
Non-operating income		
Interest and dividend income	3,762	4,803
Equity in earnings of affiliates	1,437	2,725
Other	4,904	4,750
Total non-operating income	10,104	12,279
Non-operating expense		
Interest expense	1,802	1,843
Other	3,157	3,054
Total non-operating expenses	4,959	4,898
Ordinary income	40,972	39,472
Extraordinary gains		
Gain on sale of fixed assets	232	217
Gain on sale of investment securities	3,951	7,344
Other	81	463
Total extraordinary gains	4,265	8,025
Extraordinary losses		
Loss on sale or disposal of fixed assets	1,309	1,052
Loss on business integration	4,342	—
Production restructuring costs	—	2,403
Other	877	2,355
Total extraordinary losses	6,529	5,810
Income before income taxes and non-controlling interests	38,709	41,686
Current income taxes	8,286	7,177
Deferred income taxes	4,795	6,487
Total income taxes	13,081	13,664
Net income	25,628	28,022
Net income attributable to non-controlling shareholders	1,050	985
Net income attributable to parent company shareholders	24,577	27,036

Quarterly consolidated statements of comprehensive income
First nine months of the fiscal years

(Million yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net income	25,628	28,022
Other comprehensive income		
Valuation difference on available-for-sale securities	87,964	(3,481)
Net deferred gains on hedges	16	42
Foreign currency translation adjustments	3,065	(6,189)
Remeasurements of defined benefit plans	(1,729)	(5,093)
Share of other comprehensive income of affiliates accounted for using equity method	1,281	2,013
Total other comprehensive income (loss)	90,598	(12,707)
Comprehensive income	116,226	15,314
Attributable to:		
Parent company shareholders	114,929	15,252
Non-controlling shareholders	1,297	61

(3) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]

None

[Significant changes in shareholders' equity]

Treasury stock increased by ¥20,058 million during the first nine months of the current fiscal year, due mainly to share repurchases based on a resolution passed by the Board of Directors on May 14, 2015.

Additionally, retained earnings decreased by ¥33,422 million and treasury stock decreased by ¥33,422 million during the first nine months of the current fiscal year due to the cancellation of treasury stock on May 28, 2015 based on a resolution passed by the Board of Directors on May 14, 2015.

[Segment information, etc.]

I. First nine months of previous fiscal year (April 1, 2014 – December 31, 2014)

Information on sales and income/loss by reporting segment

	Reporting segment					Adjustment Note 1	(Million yen) Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	582,893	287,970	175,124	45,794	1,091,782	–	1,091,782
Inter-segment	3,607	708	7	5	4,329	(4,329)	–
Total	586,501	288,678	175,132	45,799	1,096,111	(4,329)	1,091,782
Segment income	15,406	9,975	19,948	1,121	46,451	(10,623)	35,827

Notes: 1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.

2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.

II. First nine months of current fiscal year (April 1, 2015 – December 31, 2015)

1. Information on sales and income/loss by reporting segment

	Reporting segment					Adjustment Note 1	(Million yen) Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	605,525	284,973	155,451	44,213	1,090,163	–	1,090,163
Inter-segment	3,452	712	11	27	4,204	(4,204)	–
Total	608,977	285,686	155,463	44,240	1,094,367	(4,204)	1,090,163
Segment income	19,163	8,648	16,777	959	45,548	(13,457)	32,090

Notes: 1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.

2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.

2. Changes in reportable business segments, etc.

DNP changed its reportable business segments effective from the first quarter of the current fiscal year.

DNP transferred the Imaging Communication business (includes photo printing) from the Lifestyle and Industrial Supplies segment to the Information Communication segment in April 2015.

Segment information for the first nine months of the previous fiscal year has been prepared based on the new reportable business segments.